

SHAWN E. DRANEY (4026)
SCOTT H. MARTIN (7750)
DANI N. CEPERNICH (14051)
SNOW, CHRISTENSEN & MARTINEAU
10 Exchange Place, 11th Floor
Post Office Box 45000
Salt Lake City, Utah 84145
Telephone: (801) 521-9000
E-mail: sed@scmlaw.com
shm@scmlaw.com
dnc@scmlaw.com

Attorneys for Petitioner Strawberry Water Users Association

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of Strawberry Water Users Association's Petition for Declaratory Ruling	<p>STRAWBERRY WATER USERS ASSOCIATION'S AMENDED¹ PETITION FOR DECLARATORY RULING THAT PETITIONER IS NOT SUBJECT TO PSC JURISDICTION/REGULATION</p> <p>Docket No. 19-034-01</p>
--	--

Pursuant to [R746-101 of the Utah Administrative Code](#), Strawberry Water Users Association respectfully petitions the Public Service Commission for a determination that the Association is not subject to PSC jurisdiction or regulation with respect to its operation of Strawberry Valley Project (SVP) power plants and the sale of power from those SVP power plants to South Utah Valley Electric Service District, a local district and political subdivision of the State of Utah. The requested declaration requires review of [Utah Code Sections 52-2-1\(22\) and 54-2-201](#).

¹ This Amended Petition makes only one change to the original Petition: it removes a sentence from paragraph 6, below.

GENERAL BACKGROUND

The Association is a Utah nonprofit corporation, governed by the Utah Non-Profit Corporations Act. It was created to operate and maintain certain portions of the SVP, which was constructed by the United States Department of the Interior, Bureau of Reclamation (Reclamation), and to represent the interests those persons and entities who contracted with Reclamation for permanent rights to use water developed by the SVP. The SVP is the oldest Reclamation project in Utah and was authorized by Congress in 1905.

To understand the genesis of the PSC's regulation of the Association, a bit of Reclamation history may be useful. Under the Reclamation Act of 1902, Congress placed money from the sale of Western lands into a revolving fund, the Reclamation Fund. The Reclamation Service, quickly changed to the Bureau of Reclamation, would construct projects, and contract with landowners to provide water to irrigate their lands with water from the project. Those landowners contracted to pay their proportionate share of the costs of construction and operation and maintenance of the project in return for a permanent right to use a proportion of the project's water.

By the early twenties most Reclamation projects were in default, and the Reclamation program was in trouble. The Secretary of the Interior created a group that became known as the "Factfinder's Commission" to study the issues and recommend solutions. What came out of that process was a report to the President and Congress, including recommended legislation that was passed as the Factfinder's Act of 1924.

For our purposes, the two important parts of the Factfinder's Act of 1924 are Subsections G and I. Under subsection G, the operation and maintenance of projects that were two-thirds

subscribed was to be turned over to a water users association or irrigation district, subject to the rules and regulations of the Secretary of the Interior. [43 U.S.C. § 500](#).

If that was done, then the water users, through such a water users association or district, get the benefit of certain revenues from the project per Subsection I, including the benefit of the proceeds from the sale of power that was surplus to the needs of the project:

Whenever the water users take over the care, operation, and maintenance of a project, or a division of a project, the total accumulated net profits, as determined by the Secretary, *derived from the operation of project power plants*, leasing of project grazing and farm lands, and the sale or use of town sites shall be credited to the construction charge of the project, or a division thereof, and thereafter the net profits from such sources may be used by the water users to be credited annually, first, on account of project construction charge, second, on account of project operation and maintenance charge, and third, as the water users may direct. . . .

[43 U.S.C. § 501](#) (emphasis added).

The first contract between the Association and the United States was the 1926 Contract. That was replaced by the 1940 Contract, which is extant today. The 1940 Contract is attached as Exhibit 1. The Association does not own, operate, maintain, control, manage or sell power from any power plants other than the SVP power plants. The Association has benefited from revenues from the sale of surplus SVP power pursuant to the 1924 Factfinder's Act and these contracts.

The SVP was paid out in 1974, and the Association has long received revenues from the sale of surplus SVP power. Pursuant to [16 U.S.C. § 825t](#), these power revenues may not be distributed to Association shareholders, but may be used to operate and maintain the SVP.

RELEVANT FACTS

1. The SVP includes three hydroelectric power plants: the Upper Spanish Fork Power Plant, the Lower Spanish Fork Power Plant, and the Payson Power Plant. Each operates exclusively using hydropower. (Aitken Decl. ¶ 6, attached as Exhibit 2.)

2. The Association does not own, operate, maintain, control, manage, lease, or sell power from any other power plants. (*Id.* ¶ 7.)

3. Prior to 1986, the Association sold electricity generated at these three power plants to retail customers throughout Southern Utah County. In doing so, it was regulated by the PSC and operated under a certificate of public convenience and necessity. (*Id.* ¶ 8.)

4. In 1986, the Association transferred its power distribution system to the Strawberry Electric Service District, later renamed South Utah Valley Electric Service District (the district kept the acronym SEDS, which will be used here).² A copy of the 1986 agreement with SEDS is attached as Exhibit 3. The Association, however, continues to operate and maintain the power plants under its contracts with the United States.

5. Since 1986, the Association has sold all electricity generated by SVP power plants to SEDS, which purchases electricity from the Association on a wholesale basis. (Aitken Decl. ¶ 9, Ex. 2.) A copy of the current agreement with SEDS regarding sale of electricity is attached as Exhibit 4.

6. SEDS in turn sells electricity to its customers located in Southern Utah County. See <https://www.sesdofutah.org/about-sesd>.

7. Since 1986, the Association has not sold electricity to any person or entity other than SEDS. (Aitken Decl. ¶ 10, Ex. 2.)

8. Despite this, the Association continued to pay its annual Public Utility Regulatory Fee and to annually submit the Annual Report and Utah Gross Revenue Report required of public utilities. It had done so under the view that it was simpler and less costly to continue

² SEDS is a local district governed by Title 17B, Chapters 1 and 2 of the Utah Code, which are applicable to all local districts. As a local district SEDS is a political subdivision of the State of Utah. [Utah Code § 17B-1-103\(1\)\(a\)\(iii\)](#). SEDS is also governed by Title 17B, Chapter 2a, Part 4, which is applicable to improvement districts as a form of local district.

making the annual payments and reporting that it would be to pursue deregulation (or confirmation the Association is not subject to PSC jurisdiction and regulation). (*Id.* ¶ 11.)

9. On August 20, 2019, a Utility Technical Consultant with the Utah Division of Public Utilities sent the Association’s former General Manager, Jeremey Sorensen, an email indicating the Division had not yet received the 2d019 Public Utilities Regulatory Fee, Annual Report, and Gross Revenue Report from the Association. (*Id.* ¶ 12.)

10. Mr. Sorensen had left the Association in June 2019, and the Association’s accountant had left the Association in May 2019. These departures accounted for the missed deadline.³ (*Id.* ¶ 13.)

11. Mr. Coleman’s email prompted Gary Aitken, the Association’s interim General Manager, to revisit the issue of the PSC’s regulation of the Association. Mr. Aitken had served as the General Manager of the Association for twenty-two years from 1989 to 2011. (*Id.* ¶ 15.)

12. Having reviewed the matter recently and become acquainted with the applicable process, the Association now wishes to establish what it has believed to be true for some time—that it is not subject to PSC jurisdiction and regulation. (*Id.* ¶ 16.)

DISCUSSION

THE ASSOCIATION IS NOT A “PUBLIC UTILITY” SUBJECT TO PSC REGULATION.

For purposes of PSC regulation, “public utility” is defined in [Utah Code Section 54-2-1\(22\)](#). The Association does not fall within that definition for at least two reasons: first, it is an exempt “independent energy provider,” and, second, the Association does not sell or furnish electricity to a member or consumer.

³ The Association has since paid the 2019 Public Utilities Regulatory Fee.

1. The Association as an exempt “independent energy producer.”

[Section 54-2-201\(2\)](#) exempts from PSC jurisdiction and regulation certain “independent energy producers.” [Utah Code § 54-2-201\(2\)](#). The definition of a “public utility” also excludes those entities. [Utah Code § 54-2-1\(22\)\(a\)](#), *see also* [§ 54-2-1\(8\)\(b\)](#) (excluding from the definition of “electrical corporation” an “independent energy producer”). And, there is an explicit provision establishing that the term “public utility” “does not include an independent energy producer that is not subject to regulation by the commission as a public utility under [Section 54-2-201](#).” [Utah Code § 54-2-1\(22\)\(j\)](#). These three provisions are consistent: certain independent energy producers are exempt from PSC jurisdiction and regulation. The Association is such an entity. It (a) qualifies as an “independent energy producer” and (b) falls within the exemption provided in [Section 54-2-201\(2\)\(c\)](#).

a. Independent Energy Producer

An “independent energy producer” is any “electrical corporation, person, *corporation*, or government entity, their lessees, trustees, or receivers, that own[s], operate[s], control[s], or manage[s] an independent power production or cogeneration facility.” [Utah Code § 54-2-1\(16\)](#) (emphasis added). The Association is a corporation, such that it satisfies the initial criteria. The question then is whether the SVP power plants it operates and maintains are “independent power production facilities.”

An “independent power production facility” is “a facility that: (a) produces electric energy solely by the use, as a primary energy source, of biomass, waste, a renewable resource, a geothermal resource, or any combination of the preceding sources; or (b) is a qualifying power production facility.” [Utah Code § 54-2-1\(17\)](#). Although “renewable resource” is not defined in the Public Utilities Code, it is commonly understood to include water and hydropower. *See, e.g.,*

18 C.F.R. §§ 292.203, 292.204 (recognizing hydroelectric power production facilities as eligible to qualify as a “small power production facility,” which must meet fuel requirements similar to those of [Section 54-2-1\(17\)\(a\)](#) that include use of “renewable resources”); [Colo. Rev. Stat. Ann. § 36-1-147.5](#) (““Renewable energy resources’ means energy derived from solar, wind, geothermal, biomass, and hydroelectricity.”); [Mich. Comp. Laws Ann. § 460.1011](#) (“Renewable energy resource” means a resource that naturally replenishes over a human, not a geological, time frame and that is ultimately derived from solar power, water power, or wind power.”); [Mont. Code Ann. § 85-1-601](#) (recognizing water as a “renewable resource”).

As discussed above, the SVP powerplants are hydroelectric powerplants, producing electric energy solely by the use of hydropower. They are, accordingly, “independent power production facilities.”

b. [Section 54-2-201\(2\)](#) Exemption

In addition to qualifying as an “independent energy producer,” the Association must fall within the exemption contained in [Section 54-2-201\(2\)](#) in order to be exempt from PSC jurisdiction and regulation. That section provides,

An independent energy producer is exempt from regulation by the commission as a public utility for an independent power production facility if the independent energy producer produces a commodity or delivers a service:

- (a) solely for the use of a state-owned facility;
- (b) not for sale to the public, without charge, solely for the use of:
 - (i) the independent energy producer;
 - (ii) an independent energy producer's tenant; or
 - (iii) an association of unit owners formed under Title 57, Chapter 8, Condominium Ownership Act;
- (c) for sale solely to an electrical corporation or other wholesale purchaser; *or*
- (d)
 - (i) for use by:
 - (A) an entity the independent energy producer controls, is controlled by, or is an affiliate of; or

(B) a user located on real property that the independent energy producer manages or controls; and
(ii) for use on real property that is contiguous to, or is separated only by a public road or easement from, real property that the independent energy producer owns or controls.

Utah Code § 54-2-201(2) (emphasis added).

Much of Section 54-2-201(2) is inapplicable to the Association. However, only one of the conditions listed in subsections (a) through (d) need apply. Utah Code § 54-2-201(2) (using “or”). Subsection (c) does.

As discussed above, the Association sells power exclusively to SESD on a wholesale basis. The Association thus falls within subsection (c): “if the independent energy producer produces a commodity or delivers a service . . . (c) for sale solely to a[] . . . wholesale purchaser.” Utah Code § 54-2-201(2)(c).

Because the Association is an independent energy producer that falls within the exemption of Section 54-2-201(2)(c), it is not a “public utility” subject to PSC jurisdiction and regulation. Utah Code §§ 54-2-1(22)(a), (j); -201(2)(c).

2. The Association does not sell electricity to a member or consumer for domestic, commercial, or industrial use, or provide a service or commodity to the public generally.

Even if the Association is not an “independent energy producer” exempt under Section 54-2-201(2) (and the associated exclusions of Section 54-2-1(22)), it nevertheless does not qualify as a “public utility.”

Assuming the Association does not qualify as an “independent energy producer,” it would have to be an “electrical corporation” in order to fall within the definition of a “public utility.” See Utah Code § 54-2-1(22)(a) (listing “railroad corporation, gas corporation, *electrical corporation*, distribution electrical cooperative, wholesale electrical cooperative, telephone

corporation, telegraph corporation, water corporation, sewerage corporation, heat corporation, and independent energy producer not described in [Section 54-2-201](#)”). But, the definition of “public utility” limits inclusion of an “electric corporation” to situations “where the . . . electricity is sold or furnished *to any member or consumers within the state for domestic, commercial, or industrial use.*” [Utah Code § 54-2-1\(22\)\(a\)](#) (emphasis added). [Section 54-2-1\(22\)\(b\)](#), which identifies additional situations under which an electrical corporation qualifies as a “public utility” is similarly limited to situations where the “electrical corporation performs a service for or delivers a commodity *to the public*” or “*sells or furnishes . . . electricity to any member or consumers within the state, for domestic, commercial, or industrial use, for which any compensation or payment is received.*” [Utah Code § 54-2-1\(22\)\(b\)\(i\), \(ii\)](#) (emphasis added).

Again, the Association sells electricity only to one entity: SESD, a retail wholesaler. SESD is not a consumer. It does not *use* the electricity purchased from the Association for any purpose; rather, it resells that electricity to retail consumers in the SVP service area—the end consumer. In light of SESD’s status as the Association’s exclusive customer, and the 1986 transfer of the distribution system, the Association cannot be said to be furnishing electricity to the public. [Bear Hollow Restoration, LLC v. Pub. Serv. Comm’n of Utah](#), 2012 UT 18, ¶ 19, 274 P.3d 956 (explaining the test for whether a “corporation providing electricity to its members furnished power for ‘public service’ and/or ‘to the public generally’” “is whether the public has a legal right to the use which cannot be gainsaid, or denied, or withdrawn, at the pleasure of the owner”; “the essential feature of a public use is that it is not confined to privileged individuals, but is open to the indefinite public. It is this indefiniteness or unrestricted quality that gives it its public character” (quotation marks and brackets omitted)). Because the Association does not

itself sell or otherwise furnish electricity to a consumer or user, it is not an “electrical corporation” within the definition of a “public utility.”

The same result reaches if the Association is an “independent energy producer” (and thus statutorily excluded from the definition of “electrical corporation,” [Utah Code § 54-2-1\(8\)\(b\)\(i\)](#)) but *not* exempt under [Section 54-2-201](#). Similar to with electrical corporations, [Section 54-2-1\(22\)\(a\)](#) limits inclusion of non-exempt independent energy producers in the general definition of “public utility” to situations where the independent energy producer’s “service is performed for, or the commodity delivered to, *the public generally*.” [Utah Code § 54-2-1\(22\)\(a\)](#). As discussed above, the Association does not deliver electricity to the public generally. *See Bear Hollow*, 2012 UT 18, ¶ 19. And, as a non-exempt independent energy producer, it would not fall within [Section 54-2-1\(22\)\(b\)](#)’s identification of additional situations in which such entities qualify as a “public utility” for the same reasons discussed above.

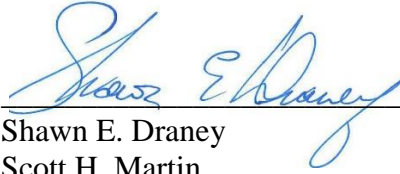
Thus, even if the Association is not an “independent energy producer” exempt under [Section 54-2-201\(2\)](#), it still does not qualify as a “public utility.”

CONCLUSION

For the foregoing reasons, the Association respectfully requests the PSC issue an order declaring it has no jurisdiction over the Association with respect to the SVP power plants, and that the Association is not subject to PSC regulation with respect to the same.

DATED this 4th day of November, 2019.

SNOW CHRISTENSEN & MARTINEAU



Shawn E. Draney

Scott H. Martin

Dani N. Cepernich

*Attorneys for Petitioner Strawberry Water Users
Association*

STRAWBERRY WATER USERS ASSOCIATION



Gary Aitken

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing **STRAWBERRY WATER
USERS ASSOCIATION'S AMENDED PETITION FOR DECLARATORY RULING
THAT PETITIONER IS NOT SUBJECT TO PSC JURISDICTION/REGULATION** was
filed via email addressed to

Utah Public Service Commission (psc@utah.gov)

Patricia Schmid (pschmid@agutah.gov)

Justin Jetter (jjetter@agutah.gov)

Robert Moore (rmoore@agutah.gov)

Steven Snarr (stevensnarr@agutah.gov)


Assistant Utah Attorneys General

Madison Galt (mgalt@utah.gov)

Division of Public Utilities

Cheryl Murray (cmurray@utah.gov)

Office of Consumer Services



Legal Assistant

Exhibit 1

*See Note Original
for History*

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
STRAWBERRY VALLEY PROJECT.

Symbol IIR - 78

AMENDATORY CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND
THE STRAWBERRY WATER USERS ASSOCIATION

THIS AMENDATORY CONTRACT, made this 9th day of
October _____, 1940, under the provisions of the Act
of June 17, 1902 (32 Stat., 388), and ~~acts amendatory there-~~
of or supplementary thereto, and particularly the Reclamation
Project Act of 1939 (53 Stat., 1187), together hereinafter
referred to as the Reclamation Law, between THE UNITED STATES
OF AMERICA, hereinafter referred to as the United States,
acting for this purpose through E. K. Burlew, First Assistant
Secretary of the Interior, hereinafter referred to as the
Secretary, and the STRAWBERRY WATER USERS' ASSOCIATION, a
corporation organized and existing under the laws of the
State of Utah, and having its principal place of business at
Payson, Utah, hereinafter referred to as the Association;
WITNESSETH;

2. WHEREAS, under the authority of the Reclamation
Law, the United States constructed that certain irrigation
project in the State of Utah commonly known as the Straw-
berry Valley Project, sometimes referred to as the Straw-
berry Valley Reclamation Project, hereinafter called the
project; and

DEC1740 40066

3. WHEREAS, the United States and the Association entered into a contract dated September 28, 1926, as supplemented by a contract dated November 20, 1928, hereinafter collectively referred to as the Association-Government contract; and

4. WHEREAS, the Association-Government contract provides, among other things, for the payment by the Association of the expenditures made by the United States in the construction of the project; and

5. WHEREAS, the Association, as the duly authorized representative of the water users involved, desires to enter into an amendatory contract to effect changes in the Association-Government contract under the provisions of the Reclamation Project Act of 1939, and to effect certain other changes in and restate the provisions of the Association-Government contract; and

6. WHEREAS, the Secretary has determined that, in his judgment, such amendatory contract is both practicable and in keeping with the general purpose of the Reclamation Project Act of 1939;

7. NOW, THEREFORE, in consideration of the premises and covenants herein contained, the following mutual covenants are agreed on between the parties hereto:

SCOPE OF AMENDATORY CONTRACT

8. It is hereby agreed that this amendatory contract supersedes and takes the place of the contracts between the United States and the Association dated September 28, 1926, and November 20, 1928, (above defined as the Association-Government contract), and that said Association-Government contract shall remain or be effective only to the extent expressly provided in this contract: Provided, That obligations involving payments to the United States under said Association-Government contract which become due and payable prior to November 30, 1940, shall remain unaffected hereby.

DEFINITION OF BALANCES AFFECTED

9. The term "unaccrued balance" as hereinafter used in this contract in relation to obligations to the United States for any part of the cost of the project under any class or group of contracts other than the Association-Government contract or under the Association-Government contract means that portion of the obligation which has not become due and payable prior to November 30, 1940, including installments or parts of installments of such charges with accrued interest thereon deferred under the Act of April 1, 1932 (47 Stat., 75), as amended.

EXTENSION OF REPAYMENT PERIOD OF EXISTING CONTRACTS

10. Subject to acceptance of the terms of this con-

tract as hereinafter provided, the unaccrued balances of various repayment obligations under contracts existing as of November 30, 1940, between the United States and any and all persons and organizations obligated to the United States for the repayment of any part of the cost of construction of the project, are hereby extended for payment as follows:

(a) The unaccrued balance of the Association's obligation under Article 20(c) of the Association-Government contract of September 28, 1926, which is agreed to be \$135,609.72, shall be payable in 30 equal annual installments of \$4,374.50 payable on December 31 of each year beginning December 31, 1940, and a final installment of \$4,374.72 payable December 31, 1970.

(b) The unaccrued balance under the contracts between the United States and the Wapleton Irrigation District, which is agreed to be \$124,768.61, shall be paid in 24 equal annual installments of \$4,990.74 on March 1 of each year beginning March 1, 1941; and one installment of \$4,990.85 on March 1, 1965.

(c) The unaccrued balance under the contracts between the United States and the Springville Irrigation District, which is agreed to

be \$100,682.50, shall be paid in 25 equal annual installments of \$4,027.30, each installment payable on March 1 of each year beginning March 1, 1941.

(d) The unaccrued balance of construction charges under water right contracts and other contracts between the United States and members of Strawberry Water Users' Association (excepting the contracts covered by sub-sections (b) and (c) above), which provide for repayment of construction charges either in 20 years or 30 years, shall in the case of each such contract be paid either in a number of equal annual installments beginning December 1, 1940, so that the last installment under each individual or other contract shall be payable 40 years (exclusive of 1931 and subsequent years to the extent of moratoria or deferments of construction charges by acts of Congress for such years) from the date the first installment was due under each contract, or in a number of equal annual installments beginning December 1, 1940, which is equal to double the number of unaccrued annual installments remaining on November 30, 1940, whichever

number of annual installments will result in the earlier payment of the contract: Provided; That, where installments cannot be made exactly equal, the last annual installment may be larger or smaller than the preceding extended installments to the extent necessary to effect complete payment in the extended period: and Provided Further; That where a full extension under the foregoing formula would, in the case of a 20-year contract, result in annual installments of less than 75¢ per acre-foot of water required to be delivered under such contract and, in the case of a 30-year contract, result in annual installments of less than 50¢ per acre-foot of water required to be delivered, the extended annual installments shall be at the rate of 75¢ and 50¢ per acre-foot respectively, with such lesser amount in a final installment as may be required to complete payment under the contract.

(e) The unaccrued balances of construction charges repayable under individual water rights and other repayment contracts providing for repayment to the United States under the provisions of sub-section (f) of Section 4 of the

Act of December 5, 1924 (43 Stat., 701) and under individual water right contracts between the United States and water users who are not members of the Strawberry Water Users' Association shall continue to be payable in annual installments in accordance with the provisions of these contracts as of the date of this amendatory contract, unless and until such contracts are otherwise extended.

As hereby extended and save for such other express modifications as are made by this amendatory contract, the contracts hereby extended (exclusive of the Association-Government contract) shall remain otherwise unaffected, and the United States shall continue to have all the rights and privileges provided by the existing contracts.

ASSUMPTION OF GENERAL OBLIGATION BY ASSOCIATION

11. The Association hereby assumes the general obligation to pay to the United States the sum of \$1,715,458.38, this representing the aggregate unaccrued balances under all contracts between the United States and any and all persons and organizations (including the obligation of the Association stated in Article 10(a) hereof) obligated to the United States for the repayment of any part of the cost of construction of the project, being the contracts described by Article 10 above.

TIME OF PAYMENT AND AMOUNT OF ANNUAL INSTALLMENTS TO BE PAID
BY ASSOCIATION

12. The general obligation of the Association stated in Article 11 shall be paid to the United States by the Association as follows:

(a) That part covered by Article 10(a) shall be paid as therein provided.

(b) That part representing the unaccrued balances of the contracts between the United States and the Mapleton Irrigation District and between the United States and the Springville Irrigation District (\$225,451.11) shall be paid to the United States by the Association in annual installments on March 1 of each year beginning March 1, 1941 continuing until this amount has been paid in full, each annual installment to be equal to the aggregate of the annual installments required to be paid in such year to the United States under the Mapleton Irrigation District and the Springville Irrigation District contracts as extended by Article 10, sub-sections (b) and (c) of this contract.

(c) That part representing the unaccrued

balances of the contracts covered by Article 10, sub-section (d) of this contract shall be paid to the United States by the Association in annual installments on December 15 of each year beginning December 15, 1940, each annual installment to be equal to the aggregate of the installments due to the United States in such year under such individual water right contracts and other contracts.

(d) That part representing the unaccrued balances of the contracts covered by Article 10(e) of this contract shall be paid to the United States by the Association in annual installments on December 15 of each year beginning December 15, 1940, each annual installment to be equal to the aggregate of the installments due to the United States in such year under such individual water right contract and other contracts, including subsequent amendments thereof.

Transfers of water rights under Article 24 of this contract shall not affect or alter the obligations of the Association under this article.

ASSESSMENTS BY ASSOCIATION

13. The Association agrees to make levies and assessments against its members and stockholders sufficient (a) to meet the obligations of the individual water right contracts and other contracts as these are extended by this agreement, (b) to take care of deficiencies caused by defaults of Association members, (c) to meet payments for the Association's obligations under Articles 10(a), and (d) to meet deficiencies in collections on non-member accounts covered by Article 10(e). When the various installments owed by the Association to the United States become due and are paid, such payment shall be regarded as satisfaction of the respective installments due to the United States from individual water right contractors and other contractors whose installments are represented by the particular installment paid by the Association to the United States, except in cases of installments due to the United States from non-members: provided, That such satisfaction shall not prevent the Association from pursuing whatever remedies are available to it to collect from defaulting contractors amounts owed to the Association, it being understood that these installments owed by the Association to the United States are required to be paid notwithstanding the failure of the individual water right contractor or other contractors to pay the Association. In the case of installments representing the aggregate of in-

installments due from non-members of the Association, the Association shall pay its installments to the United States regardless of the failure of individual non-members to pay the Association, and the payment by the Association to the United States on behalf of non-members who have paid the Association shall be accepted as satisfaction of installments then due from such non-members to the United States: Provided That payments by the Association under its obligation to the United States shall not, to the extent that such payment includes an amount to cover installments due from non-members that have failed to pay, relieve the defaulting non-members from their primary obligation to the United States or of their obligation to reimburse the Association for any such installments paid by the Association. If any non-member makes payment directly to the United States, appropriate credits shall be given to the Association on installments later to become due to the United States.

OPERATION AND MAINTENANCE OF THE PROJECT WORKS

14. The care, operation and maintenance of the project and all appurtenances thereunto belonging, except the Wapleton and Springville lateral and the High Line Canal, shall remain with the Association subject to all the provisions of Articles 11, 12, 13, 14, 15, 18, 27 and 28 of the contract of September 28, 1926, these articles being herein incorpor-

ated as sub-sections (a) to (h), inclusive, of this article as follows:

(a) Effective on October 1st, 1926, or as soon thereafter as practicable, provided the Secretary has accepted as sufficient, the evidence presented by the Association, that it has increased its membership to include at least 82 per cent of the water rights in acre-feet sold from the project, there is hereby transferred to the Association under the conditions herein stated, the care, operation and maintenance of the entire Strawberry Valley project in Utah and all appurtenances thereunto belonging except the Mapleton and Springville lateral and the High Line Canal. This transfer is made subject to the terms of all existing contracts. No title to any of the property passes. The property so turned over shall hereinafter be referred to as the transferred property.

(b) The Association hereby accepts the care, operation and maintenance of the transferred property, and at its own cost and without cost to the United States, will care for, operate and maintain the same in full compliance

with the reclamation law as it now exists (and as it may hereafter be amended), the regulations of the Secretary now and hereafter made thereunder, and the terms of this contract, in such manner that the transferred property shall remain in as good and efficient condition and of equal capacity for the storage, development, diversion and distribution of irrigation and power water and for the development and distribution of electrical energy as is now the case. The Association shall use all proper methods to secure the economical and beneficial use of irrigation water. It shall hold the United States, its officers and agents harmless as to any and all damage which may accrue either within or without the project, growing out of the care, operation and maintenance of the transferred property.

(c) No substantial change in any of the project works shall be made by the Association without first having obtained the written consent of the Secretary. The Association shall make promptly any and all repairs to project works, which in the opinion of the Secretary, are deemed necessary for the proper care, operation and maintenance of the project. If, at any time,

in the opinion of the Secretary, any part of the project works shall from any cause be in a condition unfit for service, he may order the water turned out or shut off until, in his opinion, such works are put in proper condition for service. In case of neglect or failure of the Association to make such repairs the United States may, at the option of the Secretary, take back the care, operation and maintenance of the project works, or may cause the repairs to be made and charge the cost thereof to the Association, which the latter agrees to pay. The title to all alterations, repairs and improvements in the project works shall be in the United States.

(d) The Association shall make proper distribution and delivery of water to all parties entitled thereto in full accordance with the provisions of their contracts now and hereafter made and the reclamation law and the public notices and rules and regulations issued by the Secretary thereunder.

(e) The Association shall at all times protect the ownership of the United States as heretofore or hereafter claimed in all seepage, waste

and return flow waters under the project, and shall use proper physical and legal measures to retain such waters for project use.

(f) The Association shall perform and carry out in accordance with their true intent and meaning and to the satisfaction of the Secretary, all obligations imposed upon the United States in all project contracts of whatsoever kind or nature, now or hereafter in force, and shall not attempt in any manner to change any of the terms of any of said contracts without the consent of the Secretary. No contract, affecting the project made by the Association except for the usual labor, equipment, supplies and services in connection with the operation and maintenance of the project works, shall be valid until approved by the Secretary, and a draft of each such contract shall be submitted to the Secretary for approval as to form before execution. So far as permitted by law and not otherwise herein provided, the Association shall have all the rights and privileges, under any and all such contracts, that the United States now has or would have if this contract were not in effect.

(g) In order that the United States may withdraw as completely as possible from the care, operation and maintenance of the transferred property, the Association shall:

(1) Install and maintain a modern set of books of account, to be acceptable to the Secretary, showing all financial transactions of the Association, and furnish such financial reports and statements as may be required from time to time by the Secretary.

(2) Accept from the United States the books of repayment accounts and maintain same in accordance with existing contracts with individuals or organizations or as such contracts may hereafter be modified. It is understood that the United States will withdraw completely from the work of keeping repayment accounts with individuals or organizations.

(3) Keep a reasonably accurate record of all crops raised and agricultural or livestock products produced on the project and furnish to the Secretary on or before December 31 of each year a crop report including the aforesaid data in form prescribed by the Secretary.

(4) Keep for each year a careful and accurate record of the project water supply and the disposition of the same, and furnish such detailed reports concerning the same as may be required by the Secretary.

(5) Keep and report such other records as the Secretary may require in the manner and form prescribed by him.

(h) The Secretary shall cause to be made from time to time a reasonable inspection of the project

to ascertain whether the terms of this contract are being faithfully executed by the Association. Such inspection shall include examinations of the project, of the transferred property, and of the books, records and papers of the Association relating hereto, together with examinations in the offices of the Bureau of Reclamation of all contracts, papers, plans, records and programs connected with the project. The actual expense of such inspection, as found by the Secretary, shall be paid by the Association to the United States as hereinafter provided.

OPERATION AND MAINTENANCE CHARGES TO BE PAYABLE IN ADVANCE

15. In its operation and maintenance of the project, the Association shall collect each year in advance from the water users the estimated net cost of operation and maintenance of the project for that year. The net estimated cost of operation and maintenance, including an amount sufficient to cover the entire annual project operation and maintenance allowing for deficiencies in collections and other contingencies, shall be distributed equitably against each acre-foot of water to be delivered under the various contracts or water right applications from the project supply, whether members or non-members: Provided, That this provision shall not

preclude the levy of minimum operation and maintenance charges by the Association in its discretion. Payment of assessments or tolls fixed to meet the estimated net operation and maintenance cost shall be required to be made in advance of the delivery of water under any such contract or water right application.

REFUSAL TO DELIVER IN CASES OF DEFAULT

16. The Association agrees that it will refuse to deliver water from the project supply to lands or parties which fail to make these payments to the United States, the Association or any other organization in which the lands or parties are included: (a) advance payments of operation and maintenance or toll charges, or (b) payments of construction charges or other fixed charges due from such lands or parties within twelve months of their due date; and no such water shall be delivered to the Association or to lands or parties within its organization and the Association is hereby forbidden to deliver or permit the delivery of such water to lands or parties withⁱⁿ its organization when the Association is in arrears in the advance payment of operation and maintenance charges, if any, due the United States, or the payment on the due date of obligations under Article 19 hereof, or is more than twelve months in arrears in the payment of any construction charges due the United States hereunder. The provisions of

this article are not exclusive and shall not in any manner hinder the United States from exercising any other remedy to enforce collection of any amounts due to it under this contract.

COMPETENT SUPERINTENDENCE REQUIRED

17. Until payment to the United States of the obligation herein assumed has been completed as herein provided, the Association agrees to employ as project manager or superintendent a competent person who need not be an irrigation engineer; a competent civil or irrigation engineer; a competent power superintendent who shall have had experience in charge of the operation of a hydroelectric power system of similar character and magnitude to that on the project, and a competent accountant. The selection of each of said persons shall be subject to the approval of the Secretary, and upon notice from the Secretary that any of said employees is or has become unsatisfactory, the Association shall promptly, as often as such notice is given, terminate the employment of such unsatisfactory employee and promptly employ one acceptable to the Secretary. Subject to the approval of the Secretary, one person may be employed to fill any two of the aforesaid positions.

DISPOSAL OF ADDITIONAL RIGHTS IN THE PROJECT WATER SUPPLY

18. The Association shall have the right, subject to

approval by the Secretary, to contract for the sale, lease or rental of water from the project supply for the purpose of raising funds to meet the obligation represented by the unaccrued balance defined in Article 10(a): Provided, That such disposal of such rights shall not affect the primary obligation of the Association under this contract, nor the manner of payment to the United States by the Association provided in Article 12.

PAYMENT AND OVERHEAD COSTS AND OTHER DIRECT COSTS

19. On March 1 of each year from the effective date of this amendatory contract, until the Association obligation hereunder is paid in full, the Association shall pay to the United States, in each case, for the preceding calendar year ending on December 31, the following overhead and other direct costs:

(a) A charge to cover that part of the expense incurred by the United States in the operation of Reclamation's Chief Engineer's office, field legal office, and other detached offices, which in the opinion of the Secretary are properly and equitably chargeable to this project.

(b) The cost of repairs to project works made under Article 13 of the contract of September 28, 1926, as incorporated in this contract by Article 14.

(c) The cost of inspections made under Article 28 of the contract of September 28, 1926, as incorporated in this contract by Article 14.

(d) The direct cost, plus such proportionate part of overhead cost as may be apportioned thereto, of hydrometric measurements made by the United States for the proper division of project water and for the proper protection of project water rights.

(e) Such other direct costs for special work or services performed for the benefit of the project by the United States at the direction of the Secretary, and which in the opinion of the Secretary, are for the use and benefit of the project.

For the first calendar year in which this amendatory contract is effective, determinations of costs hereunder shall be for the entire calendar year, except as to such items of cost that have accrued and for which the Association has made other arrangements for payment or satisfaction.

GRAZING LANDS

20. Notwithstanding the provisions of the Act of April 4, 1910 (36 Stat., 285), it is agreed that title to the lands described in the attached schedule A (being the same as the lands described in schedule A of the contract of Sep-

tember 28, 1926, and being hereinafter called grazing lands) shall be retained by the United States until otherwise provided by Congress. The management and control of said lands shall remain with the Association, subject to the provisions of Article 34 of this contract.

POWER SYSTEM

21. It is understood and agreed that the United States had invested in the power system on the project as of January 1, 1940, the sum of \$90,069.50, and that the Association, as of that date, had invested in said power system the sum of \$90,218.68; and that the annual net profits of the said power system shall be apportioned on the basis of the relative investment of the United States and the Association. Subject to the provisions of Article 34 hereof, the Association shall continue to operate and maintain said power system: Provided, That all contracts for the sale or lease of power or power privileges shall be upon terms and conditions and at rates approved by the Secretary.

It is understood and agreed that no additional capital investment in said power system shall be made by the Association unless and until approved by the Secretary.

ACCOUNTING FOR AND APPLICATION OF NET PROFITS FROM GRAZING

LANDS AND POWER SYSTEM

22. Annual credits to project water users for all or

any part of the profits realized from the grazing lands and the Government's investment in the power system shall be pro-rated equally to each acre-foot of the water that has been sold from the project water supply: Provided, That, as to water sold from the water supply of the project during the year for which credit is being given, credit shall be given only for that part of the year from the date of the sale of such water. Credits so given to project water users shall conform to the requirements of Sub-section I of Section 4 of the Act of December 5, 1924 (43 Stat., 701).

Within thirty days after the end of each calendar year, the Association shall submit to the United States detailed statements concerning the operation of and profits from the grazing lands and power system for the preceding calendar year.

In the event the United States resumes control of the grazing lands or power system or both as permitted under Article 34, profits apportionable to the Association's investment in the power system shall be accounted for as directed by the Association, but other profits, as determined by the Secretary after the end of each calendar year, shall be credited annually to the project water users and to the Association's obligations to the United States in the manner to be determined by the Secretary, but not inconsistent with the provisions of Sub-section I of the Act of December 5, 1924.

TITLE TO PROJECT WORKS

23. Title to all the works and property which were transferred to the Association for its care, operation and maintenance by the Association-Government contract and such property as has been added to the project works, including additions to the power system, by the Association shall be in and remain in the name of the United States until otherwise provided by Congress.

TRANSFER OF WATER RIGHTS

24. The Association is hereby granted the right to transfer water rights, with the written consent of the canal companies affected, from marginal lands to better lands, or to the project water supply, to be available until sold, for the project generally; but no such transfer, either to better lands, or to the project water supply, shall alter the annual payments due the United States under the terms of this contract; and no such transfer shall alter the various installments provided for in Article 12 hereof. No such transfer shall be effective until the contract providing for the same shall have been approved in advance by the Secretary. The procedure to be followed in making any such transfer, and the terms and conditions of such transfer, shall be satisfactory to the Secretary, and upon the transfer of any water right under the terms of this contract the Association shall promptly forward to the Bureau of Reclamation, Wash-

ington, D. C., a certified copy of such recorded contract.

ASSOCIATION TO USE ALL POWERS TO COLLECT CHARGES

25. The Association agrees that it will cause to be made and collected all necessary assessments and will use all the powers and resources of the Association, including the power of the Association to levy and collect assessments against its shares of stock and the power to withhold delivery of water, to collect from the project water users and pay to the United States all charges or sums provided in this contract in full on or before the day that such charges become due. The debts due the United States hereunder are prior to all other obligations of the Association, and from any moneys coming into the possession of the Association and applicable to the payment of its obligations, the United States shall be paid prior to all other claimants, whether the directors of the Association, its officers and employees, or other claimants.

SEPARATE ACCOUNTS TO BE KEPT

26. The Association agrees that it will keep separate accounts showing collections made which are to be applied to the payment of installments coming due under the Association's general obligation to the United States, net receipts from grazing lands and the Government's portion of the net profits from the power system.

PENALTY FOR DELINQUENCY IN PAYMENT

27. In the event that any payment to the Association or to the United States under any contract having a repayment period extended by the operation of this contract, or any payment by the Association to the United States provided for in this contract is not made on or before the date that such payment is due and payable, there shall be added to the amount unpaid a penalty of one-half of one per cent on the day following the due date, and there shall be added a like penalty of one-half of one per cent of said unpaid amount on the first day of each calendar month thereafter so long as such default shall continue.

UNITED STATES MAY ASSIST IN COLLECTION

28. The United States reserves the right to pursue whatever remedies are available to it for the collection of amounts owed by individuals or organizations under any contracts or water right applications to the United States, and may pursue such remedies in aid of collections by the Association, but such action shall in nowise alter the primary obligations of the Association hereunder to the United States.

ASSOCIATION NOT TO ACT AS FISCAL AGENT. GUARANTEE FUND AND

BOND DISPENSED WITH.

29. The guaranty fund and guarantee bond provided for in Articles 29 and 30 of the Association-Government contract

of September 28, 1926 will not be required to be continued under this amendatory contract. The revocation of the designation of the Association as fiscal agent shall be effective when the Secretary notifies the Association that satisfactory confirmation proceedings, as provided in Article 32, have been completed; and the Association, on receiving such notice, is hereby authorized to cancel its guaranty bond, saving to the United States under such bond any rights that have accrued prior to the date of this contract.) The instrument by which cancellation is effected shall be in form satisfactory to the Secretary. The United States agrees to return to the Association within a reasonable time from the date of such notice securities now on deposit pursuant to Article 29 of said contract of September 28, 1926.

ACCESS TO BOOKS AND RECORDS

30. The proper officer or agent of the Association shall have full and free access at all reasonable times to the project books and official records of the United States relating to the construction, acquisition, care, operation and maintenance of the project, with the right at any time during office hours to make copies of and from the same, or any of them, and the proper representatives of the United States shall have similar rights in respect to the books and records of the Association relating to the project and its care, operation, maintenance and control.

RULES AND REGULATIONS OF THE UNITED STATES

31. The United States reserves the right, so far as the purport thereof may be consistent with the provisions of this contract, to make reasonable rules and regulations, and to add to or modify them as may be deemed proper and necessary to carry out the true intent and meaning of the law and of this contract.

CONFIRMATION PROCEEDINGS

32. Upon the execution of this amendatory contract, the Association agrees to bring proceedings promptly under the provisions of Chapter 81 of the Session Laws of Utah, 1933, as amended by Chapter 108 of the Session Laws of Utah, 1935, or other appropriate laws of the State of Utah, approving and confirming this contract and decreeing and adjudging the same to be a lawful, valid, and binding obligation upon the Association; approving and confirming the Articles of Incorporation of the Association as amended to date and decreeing said articles to be lawful and valid; and decreeing and adjudging said Association to be a duly organized and existing corporation under and by virtue of the laws of the State of Utah." All stockholders of the Association; all lienors, mortgagees, owners of land within said Strawberry Valley Reclamation Project; and all parties affected by this amendatory contract shall be made parties to such confirmation proceedings. All defendants not objecting to

the confirmation of this contract or defaulting in such confirmation proceedings or accepting the benefits of the longer period of payment shall be conclusively presumed to assent to the provisions of this contract so confirmed and to the provisions thereof modifying any water-right contract held by them with the United States or the Association.

In the event that in the opinion of the Secretary a satisfactory confirmatory decree is not promptly secured as herein provided, the Secretary by giving notice in writing to the Association may terminate this contract. In the event of such termination, the Association-Government contract shall be deemed reinstated and shall be deemed as having been continuously in full force and effect unmodified by this contract, and any sums due the United States under said reinstated Association-Government contract which have not been paid or have been paid only in part because of the operation of this amendatory contract shall become immediately due and payable.

ASSIGNMENT PROHIBITED

33. No assignment or transfer of this contract or any part thereof or interest therein shall be valid until approved by the Secretary. All rights of action for breach of this contract are reserved to the United States as provided in Section 3737 of the Revised Statutes of the United States.

RESUMPTION OF MANAGEMENT AND CONTROL IN EVENT OF DEFAULTS

34. (a) In the event the Association at any time or times is in default in its obligations to the United States under this contract or is found by the Secretary to be operating the project or any part thereof in violation of the provisions of this contract, the United States may, at the election of the Secretary, take back and operate and maintain all or any part of the property and works, title to which is vested in the United States on giving written notice to the Association of the election, of the property and works to be taken back, and of the effective date of the election. Notwithstanding any such resumption of operation and maintenance by the United States, all or any part of the property or works taken back by the United States may, at the election of the Secretary, be re-transferred to the Association for operation and maintenance in accordance with the terms of this contract on the Association's being given a written notice of such election, of the property or works to be retransferred, and of the effective date of the retransfer. The Association hereby agrees to surrender possession of any such works or property or to accept the retransfer on the effective date of such surrender or retransfer specified in any such written notice. No resumption of works or property herein provided for shall relieve the Association of its ob-

ligations under this contract.

(b) During any period that works or property are being operated and maintained by the United States, as permitted under this Article, the Association agrees that it will pay in advance operation and maintenance costs of the works being, or to be, operated by the United States. Payments shall be made on the basis of estimates made by the Secretary and at such times as the Secretary shall direct. If funds advanced by the Association under any such estimate exceed the actual costs for the period covered by such estimate, the excess shall be credited to the Association on subsequent amounts to come due under this Article or in such other manner as the Secretary may direct.

SECRETARY ARBITER OF DISPUTES INVOLVING QUESTIONS OF FACT

35. In the event of disputes between the parties hereto arising out of this contract involving questions of fact, and in so far as the provisions hereof require a determination of fact to be made, the Secretary is hereby designated as the arbiter of such questions and as the one required to make such determination of facts; and his decision thereon shall be conclusive and binding on the parties hereto.

CONTRACT CONTINGENT UPON APPROPRIATIONS

36. Where the operations of this contract extend be-

yond the current fiscal year the contract is made contingent upon Congress making the necessary appropriation for expenditures thereunder after such current year shall have expired. In case such appropriation as may be necessary to carry out this contract is not made, the contractor hereby releases the United States from all liability due to the failure of Congress to make such appropriation.

OFFICIALS NOT TO BENEFIT

37. No Member of, or Delegate to Congress, or Resident commissioner shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom, but this restriction shall not be construed to extend to this contract, if made with a corporation or company for its general benefit.

SUCCESSORS AND ASSIGNS OBLIGATED

38. The provisions of this agreement shall apply to and bind the successors and assigns of the respective parties.

IN WITNESS WHEREOF, the parties hereto have signed their names the day and year first above written.

THE UNITED STATES OF AMERICA

By *E. K. Mullen*
First Assistant Secretary of the Interior.

STRAWBERRY WATER USERS' ASSOCIATION

By *William Grotzer*
President.

(SEAL)
ATTEST:

E. G. Brezge
Secretary.

SCHEDULE A

Description of Lands Purchased for Protection of the Watershed of Strawberry Reservoir, under authority of the Act of April 4, 1910 (36 Stat., 285).

Sections 1, 2, 3, 10, 11, 12, 13, 14, 15, 22, 23, 24, 25, 26, 27, 34, 35, and 36, Township 2 South, Range 12 West, Uintah Special Base & Meridian;

Sections 1, 2 and 12, Township 3 South, Range 12 West, Uintah Special Base & Meridian;

Sections 18, 19, 29, 30, 31 and 32, Township 2 South, Range 11 West, Uintah Special Base & Meridian;

Sections 1 to 36, inclusive, Township 3 South, Range 11 West, Uintah Special Base & Meridian;

Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 15, 16, 17, 18, 19, 20, 21, 22, 27, 28, 29, 30, 31 and 32, Township 4 South, Range 11 West, Uintah Special Base & Meridian;

containing 56,668.51 acres, more or less, in the vicinity of the Strawberry Reservoir, Wasatch County, Utah.

R E S O L U T I O N

BE IT AND IT IS HEREBY RESOLVED by the Board of Directors of the Strawberry Water Users' Association that the President and Secretary of said Association be, and they hereby are, authorized and empowered to execute and deliver, for and on behalf of said Association, an amendatory contract with The United States of America to effect changes in the contract between the Association and the United States, dated September 28, 1926, as supplemented by a contract dated November 20, 1928, under the provisions of the Reclamation Project Act of 1939, in regard to the repayment by the Association of the cost of the Strawberry Valley Project, and to effect certain other changes in and restate the provisions of said contracts, upon the terms and conditions set out in the form of contract submitted to and considered at this meeting or upon such other terms and conditions as may be satisfactory to said officers of this Association.

C E R T I F I C A T E

I, E. G. Breeze, Secretary of the Strawberry Water Users' Association, do hereby certify that the foregoing is a full, true and correct copy of a resolution passed by the Board of Directors of said Association at a regular meeting duly called and held on the 9th day of October, 1940;

I further certify that at said regular meeting fifteen Directors were present and that fifteen Directors voted in favor of said resolution, and that no Directors voted against said resolution;

I further certify that the total number of Directors of said Strawberry Water Users' Association is sixteen;

I further certify that the form of contract considered at the said meeting of the Board of Directors on the 9th day of October, 1940, is the same as the form of contract executed on the 9th day of October, 1940, by William Grotamut President, and E. G. Breeze, Secretary of the Strawberry Water Users' Association.

Dated this 10th day of October, 1940.

(Seal)

E. G. Breeze
Secretary.

RESOLUTION

WHEREAS, the Strawberry Water Users' Association proposes to construct an improvement and addition to the present power system of the Strawberry Valley Project, the works of which improvement and addition will consist of a hydroelectric power plant and appurtenant works on Pateetneet Creek in Payson Canyon, Utah County, Utah, and

WHEREAS, this improvement and addition will be made in compliance with the provisions of that certain contract entered into between the United States and the Strawberry Water Users' Association dated October 9, 1940, and particularly with the provisions of Articles 14(c), 21 and 25 of said contract, and

WHEREAS, said improvement and addition to the present power system of the project is for the purpose of firming and placing the present power system in a position to more efficiently and beneficially use the water resources of the project for both irrigation and power purposes.

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED by the Board of Directors of the Strawberry Water Users' Association that the title to all real property or interest in real property required for the construction of the improvement and addition to the present power system, together with its connection with the present system and appurtenant works, will be conveyed, or cause to be conveyed, to the United States by said Association in order that the title shall be in and remain in the name of the United States, as provided in Article 25 of said contract between the United States and the Association dated October 9, 1940.

BE IT FURTHER RESOLVED that after the completion of said improvement and addition to the present power system of the project the annual net profits of the said power system shall continue to be apportioned without regard to any increase in the investment of the Association so far as this particular improvement and addition to the power system is concerned, or in the proportion which the sum of \$90,069.50, the present net investment of the United States, and the sum of \$90,218.68, the present net investment of the Association, each bear to the total investment in the present power system of \$180,288.18, as set out in Article 21 of said contract between the United States and the Association dated October 9, 1940.

BE IT FURTHER RESOLVED that the Secretary of the Interior by this resolution be and hereby is requested to approve this additional capital investment in the project power system by the Association, in accordance with the provisions of Article 21 of said contract between the United States and the Association dated October 9, 1940.

C E R T I F I C A T E

I, E.G. Breeze, Secretary of the Strawberry Water Users' Association, do hereby certify that the foregoing is a full, true and correct copy of a resolution passed by the Board of Directors of said Association at a regular meeting duly called and held on the 9th day of April, 1941;

I further certify that at said regular meeting fifteen Directors were present and that fifteen Directors voted in favor of said resolution, and that no Directors voted against said resolution;

I further certify that the total number of Directors of said Strawberry Water Users' Association is sixteen

Dated this 12th day of April, 1941.

(SEAL)

E. G. Breeze
Secretary.

Exhibit 2

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of Strawberry Water Users
Association's Petition for Declaratory Ruling

DECLARATION OF GARY AITKEN

Docket No. 19-034-01

GARY AITKEN declares as follows:

1. I am over the age of eighteen and have personal knowledge of the following.
2. I am currently serving as the interim General Manager of the Strawberry Water Users Association.
3. I previously served in that role for twenty-two years, from 1989 to 2011.
4. In June 2019, the Association's previous General Manager Jeremy Sorensen parted ways with the Association.
5. Following Mr. Sorensen's departure, the Association's Board of Directors asked me to return as the General Manager while they work to hire a new General Manager and get him or her up to speed.
6. The Association operates and maintains certain Strawberry Valley Project (SVP) facilities under contract with the United States. This includes three hydroelectric power plants: the Upper Spanish Fork Power Plant, the Lower Spanish Fork Power Plant, and the Payson Power Plant. Each operates exclusively using hydropower.
7. The Association does not own, operate, maintain, control, manage, lease, or sell power from any other power plants.
8. Prior to 1986, the Association sold electricity generated at these three power plants to retail customers throughout Southern Utah County. In doing so, it was regulated by the PSC and operated under a certificate of public convenience and necessity.

9. Since 1986, the Association has sold all electricity generated by SVP power plants to Strawberry Electric Service District, later renamed South Utah Valley Electric Service District (SESD), which purchases electricity from the Association on a wholesale basis.

10. Since 1986, the Association has not sold electricity to any person or entity other than SESD.

11. Despite this, the Association continued to pay its annual Public Utility Regulatory Fee and to annually submit the Annual Report and Utah Gross Revenue Report required of public utilities. It had done so under the view that it was simpler and less costly to continue making the annual payments and reporting that it would be to pursue deregulation (or confirmation the Association is not subject to PSC jurisdiction and regulation).

12. On August 20, 2019, a Utility Technical Consultant with the Utah Division of Public Utilities sent the Association's former General Manager, Jeremey Sorensen, an email indicating the Division had not yet received the 2019 Public Utilities Regulatory Fee, Annual Report, and Gross Revenue Report from the Association.

13. In addition to Mr. Sorensen having left the Association in June 2019, the Association's accountant had left the Association in May 2019. These departures accounted for the missed deadline.


14. The Association has since paid the 2019 Public Utilities Regulatory Fee but has not submitted the Annual Report and Gross Revenue Report.

15. Mr. Coleman's email prompted me to revisit the issue of the PSC's regulation of the Association.

16. Having reviewed the matter recently and become acquainted with the applicable process, the Association now wishes to establish what it has believed to be true for some time—that it is not subject to PSC jurisdiction and regulation.

I declare under criminal penalty of the State of Utah that the foregoing is true and correct.

DATED this 14th day of October, 2019, in Utah County, Utah.



Gary Aitken

Exhibit 3

15.4, B1

Revised 4-7-86

AGREEMENT TO PURCHASE DISTRIBUTION SYSTEM AND
THE SALE OF POWER

THIS AGREEMENT, made and entered into this 7th day of
April, 1986, in original counterparts, by and
between STRAWBERRY WATER USERS ASSOCIATION, a corporation
organized and existing under and by virtue of the laws of the
State of Utah, herein called the "Association", and STRAWBERRY
ELECTRIC SERVICE DISTRICT, an electric service district,
organized under and by virtue of the laws of the state of
Utah, herein called the "District",

WITNESSETH:

WHEREAS, the Association was incorporated in 1924 under
the general corporation laws of the state of Utah, for the
purpose of furnishing water for irrigation, power for domestic
and ordinary purposes, and providing drainage, to and for the
lands appurtenant to the shares held by members of the
Association, and for the furtherance of said purposes to
construct and operate, or to contract with the United States
for construction and operation of dams, power plants, transmis-
sion lines, roads, canals, and other facilities incident to
the storage, production, distribution, and operation of
irrigation, water, power, and drainage works for the benefit
of the lands subscribed to the Articles of Incorporation of
the Association, and within the boundaries of the Association

as described in its Articles of Incorporation, said lands being identical with the lands established by the order of the Secretary of the Interior of the United States limiting and defining the lands within the Strawberry Valley Project under the Acts of Congress known as the Reclamation Act of 1902, and Acts amendatory thereof; and,

WHEREAS, the Association, pursuant to the purposes expressed in its Articles of Incorporation, entered into a contract with the United States dated September 25, 1926, as supplemented by a contract dated November 20, 1928, and superseded by that certain Amendatory Contract, dated October 9, 1940, herein referred to as the Association-Government Contract, wherein the Association undertook to repay the United States for the reimbursable costs of constructing the Strawberry Valley Project as a general obligation to the Association as the duly authorized representative of the water users involved in the Strawberry Valley Project, and to assume the care, operation, and maintenance of the Strawberry Valley Project and all appurtenances thereunto belonging, except the Mapleton and Springville Lateral and the High Line Canal; and,

WHEREAS, the Association, pursuant to the aforementioned Association-Government Contract has repaid the United States the reimbursable cost of the project and has accepted and assumed the care, operation, and maintenance of the property

transferred to it by the United States and at its own expense and without costs to the United States paid for the cost of such care, operation, and maintenance all in full compliance with the Reclamation Law and the Association-Government Contract; and,

WHEREAS, in order to participate in the benefits of federal power extended to preference customers it was necessary to establish a public corporation that has utility responsibility that will own and administer the distribution of power on the Strawberry Valley Project and obtain a contract commitment of federal power from Western Area Power Administration, and the State Legislature of Utah on June 27, 1985, enacted what is known as the Utah Electric Service District Act, S.B. No. 7, which provides for the establishment of electric service districts; and,

WHEREAS, the District has been organized pursuant to the aforesaid Act and possesses the rights and privileges granted by said Act to own and operate the power distribution system on the Strawberry Valley Project; and,

WHEREAS, in order to define the powers to be exercised and the duties to be undertaken respectively by the parties hereto in accomplishing the purposes for which they were respectively incorporated and organized, the Association and the District have mutually agreed that while the Association shall continue to care for, operate, and maintain the works

of the Strawberry Valley Project as provided for in the Association-Government Contract, it will no longer be responsible for serving the retail customer's electricity, and the District shall become and be the holder and owner of properties, real and personal or rights therein purchased, leased or otherwise acquired by the Association for the distribution of power, herein called the Strawberry Project Power Distribution System, and shall operate and maintain the system and serve the electric customers in the Strawberry Project service area.

NOW, THEREFORE, in consideration of the premises, as well as the several covenants, promises, and agreements hereinafter set forth, the parties have agreed, one with the other, as follows:

1. The Association agrees to continue to perform, discharge, and comply with the several duties, obligations, and covenants; assumed, undertaken, and made by the Association in its contracts with the United States, now in force or hereafter to be made, and in particular to continue to operate and maintain the power plants and transmission facilities on the Strawberry Project and deliver power to the District at the point or points designated for distribution to customers by the District.

2. The Association agrees, subject to the rights of the United States under federal reclamation law and the Association-

Government Contract, to make, assign, execute, and deliver to the District by proper conveyance, the Strawberry Project Power Distribution System now held in the name of or owned by the Association, together with the structures thereon and used by the Association in the distribution of power, as more particularly described in Exhibit No. 1 attached hereto and made a part thereof. The District agrees to execute appropriate documents to secure the Association's interest in the system until payment in full has been made.

It is understood that title to the generation and transmission facilities of the Strawberry Valley Project is in the name of the United States until otherwise provided by the Congress and these facilities are not transferred herein. The distribution system being transferred was constructed by the Association since October 9, 1940 on non-federal property and is owned by the Association.

The District agrees to assume the existing obligations of the Association in those contracts made with customers for the delivery of power under the Strawberry Project Power Distribution System, including the contract between the Association and Woodland Hills Planned Dwelling Group, Plats A and B, dated August 22, 1978.

3. The Association agrees to petition Western Area Power Administration to assign to the District its contract commitment of federal power from the Colorado River Storage

Project, which contract commitment continues until September 30, 1989. This contract commitment is more fully described in Exhibit No. 2, attached hereto and made a part hereof.

4. The District will, at the appropriate time, apply to Western Area Power Administration for the contract commitment of CRSP federal power to commence at the time of expiration of the present contract commitment described in Paragraph 3 above, it being understood by the parties hereto that Association's application heretofore filed with Western Area Power Administration, with the accompanying profile data were filed on behalf of the District, in anticipation of its organization. The Association agrees to notify Western Power Administration of that fact and will relinquish its position in the post 1989 allocation process.

5. The Association agrees to deliver to the District all of the power required to serve the electric customers under the Strawberry Electric Service Distribution System at 12.5 kv at the Association's substations located as follows:

- a. Strawberry Substation, 1800 East Power House Road, Spanish Fork Canyon, Utah County.
- b. Loafer Substation, 800 West 10800 South, South Salem, Utah County.
- c. Suter Substation, 500 East 700 North, Payson, Utah.
- d. Sorensen Substation, 1850 West 5800 South, Palmyra,

Utah County or at such other point or points mutually agreed upon. The Association will transform the power to 12.5 kv if required. The power delivered to the District by the Association shall include (1) all of the power generated by the Association under the Strawberry Valley Project purchased as provided in this agreement; (2) all of the federal power committed to the District by contract from the Colorado River Storage Project, and wheeled by the Association to the District; and, (3) all supplemental power contracted for by the District. The District shall be free to negotiate its own purchases of power which are supplemental to the power generated by the Association and the power purchased from the Western Area Power Administration. The Association will, at the District's request, purchase such supplemental power, for the account of the District, in such amounts as are requested by the District.

6. The sale of power by the Association shall be upon such terms and conditions and at such rates as are acceptable to and approved by the Secretary of Interior, in accordance with Section 21 of the Association-Government Contract. The District shall pay the Association for all power purchased from the Association or wheeled by the Association to the District, and delivered to it at rates set forth in Exhibit F attached hereto and made a part hereof. The rates shall include the following components: (a) the Association's cost

in generating power and transmitting it to point of delivery to the District; (b) the Association's cost in wheeling the supplemental power purchased by the District to the point of delivery to the District; (c) the Association's cost in wheeling to the point of delivery, Colorado River Storage Project power committed to the District by Western Area Power Administration, described in Paragraphs 3 and 4, supra; and (d) a reasonable rate of return on the assets utilized in generating, transforming, and wheeling power to the district based on the value of such assets as reflected by the Association's current rate base as adjusted by subsequent entries which are consistent with the accounting practices employed in arriving at the Association's last rate base.

The amounts payable as provided by this paragraph and Exhibit F, Items No. 3 and 4, the charges for wheeling and transformation, will be reviewed and adjusted every three years. The charges made by the Association to the District will be adjusted in accordance with the then current index of the Bureau of Labor Statistics on electrical equipment such as is used in transforming and transmitting the power to the District. The base price shall be the price of the items used in wheeling and transforming the electric power and energy as shown by the Producer Price Index of the U. S. Department of Labor for the month of November 1985. The rates fixed by Items 3 and 4 of Exhibit F will be changed by

the same percentage as that calculated for the Producer Price Index for the months at which time the adjustment is to be made.

The District shall pay the Association for all power generated by the Association and delivered to the District. The initial charge shall be at the rate of 50 mils per kWh. The initial rate, 50 mils, and any subsequently established rates, will be reviewed annually. Of the total 50 mils, the charge for 34 mils will remain constant throughout the life of this contract. The remaining 16 mils of the 50 mil charge will be subject to adjustment. The 16 mil component will be adjusted annually. The adjustment will be made in accordance with changes dictated by the Utah Power and Light fuel clause adjustment formula which has heretofore been approved by the Public Service Commission. Rates for the ensuing year will be comprised of the 34 mil component and the 16 mil component adjusted upwards or downwards as provided above.

7. The District agrees to pay the Association for the Strawberry Project Power Distribution System the amount of TWO MILLION THREE HUNDRED FORTY-FIVE THOUSAND FIVE HUNDRED FIFTY DOLLARS (\$2,345,550.00) which amount is agreed by the parties hereto to be the fair value of the system. Payment is to be made in equal monthly installments, together with interest, over a period of 30 years. The per annum interest rate payable on the unpaid balance shall be one percent (1%)

above the New York Prime Rate, however, in no event shall it be less than eight percent (8%) per annum nor greater than fifteen percent (15%) per annum. The interest rate will be adjusted on a quarterly (three month) basis commencing April 1, 1986. Payment shall be due on the fifteenth (15th) day of the month following the month for which payment is made. Payments will be applied first to interest and then to principal. There can be no acceleration of the payments provided for unless written consent is first obtained from the Association.

8. The District will establish rates to be charged retail customers that will insure payment of its financial obligations to the Association. The District will prepare a rate schedule to implement the rate provisions of this Paragraph, which schedule may be modified or supplemented from time to time. The District will seek the assistance of the Utah Public Service Commission and obtain its approval where required by law.

9. The District agrees to reimburse the Association for the sums expended and costs incurred to create the District, including the Association's cost in fostering S.B. No. 7, preparation and dissemination of information to the public and interest agencies, legal and administrative expense related to obtaining approval from the United States Bureau of Reclamation, Western Area Power Administration, Public

Service Commission, Utah County Commission, Central Utah Water Conservancy District, Intermountain Power Consumers Association (ICPA), and Colorado River Energy Distributors Association (CREDA). The Association will submit an itemized statement of these costs, and the District agrees to pay the Association the amount billed within two years from the date of billing, together with interest thereon accruing from the date of billing at the rate of ten percent (10%) on the unpaid balance.

10. This Agreement shall be in force and effect from the date and year first above written and shall continue for the period of thirty (30) years and for such periods of extension mutually agreed upon not later than sixty (60) days before the termination of the initial period or any subsequent extension period made pursuant to these provisions.

11. No interest in this Agreement is transferable by the Association or the District to any other party, and any such attempted transfer shall cause this Agreement to become subject to annulment at the option of the other party.

12. Upon failure of the District to make or cause to be made any payment when due, or to perform or cause to be performed by it pursuant to this Agreement, the Association may make written demand upon the District for such payment or performance. If the failure of the District is to make payment when due and such failure is not cured within thirty

(30) days from the date of the demand, it shall constitute a default at the expiration of such period. If the failure of the District is to perform any obligation contained in this Agreement other than to make payments when due, and such failure is not cured within thirty (30) days from the date of demand, or if it could not be cured within thirty (30) days from the date of demand, then within a reasonable period after the date of such demand, it shall constitute a default at the expiration of such period, and the Association shall have the right to terminate this Agreement, and to seek any other remedy available at law or in equity. If the default, which is not cured, involves the District's failure to obtain and maintain necessary governmental authorizations and permits, the Association shall have the right, but not the obligation, to terminate this Agreement and to seek any other remedy otherwise available at law or in equity, provided, however, that if the loss of governmental authorizations and permits is in bona fide dispute and the District is diligently contesting such loss, the Association shall not terminate the agreement.

13. If either party, because of Force Majeure is rendered wholly or partly unable to perform its obligation under this Agreement, the party is excused from whatever performance is affected by the Force Majeure to the extent so affected provided that the suspension of performance is of no greater scope nor

of longer duration than is required by the Force Majeure.

14. It is understood by the parties hereto that a future power development known as the Diamond Fork Power Project has been under study which may afford an opportunity to benefit the Strawberry area and the Association has and will continue to expend certain funds in the promotion of such development. It is probable that the District will have a role in the development and the parties agree to work together cooperatively to that end, and the costs heretofore or hereafter incurred by the Association, together with interest from the date of incurrence at the rate established in Paragraph 7, will be included in the development cost so that the Association can be reimbursed therefor, it being further understood that if the project does not materialize or that the District is not a major participant therein, the District will have no obligation with respect to the Association's expenditures therefor.

15. It is further understood that the parties hereto may supplement this Agreement with supporting Agreements wherein the Association will perform services for and on behalf of the District in the operation, maintenance, and management of the Strawberry Project Distribution System, especially to assist the District in the transfer contemplated under this Agreement.

16. It is understood that all monies received by the

Association from the District under this Agreement are subject to the provisions of Sub-section I of Section 4 of the Fact Finders Act, Act of December 3, 1924, 43 U. S. C. § 701.

17. It is understood and agreed that if, in the future during the term of this agreement the Association is qualified or becomes qualified as a preferred customer for Federal power, the Association shall have the option on 180 days written notice to the District to buy back the distribution system from the District at its book value plus twenty-five percent (25%). The exercise of the option would be subject to agreement by Western Area Power Administration to transfer the Federal power allotment from the District to the Association.

18. The Agreement to Purchase Distribution System and Power, between the parties hereto dated November 25, 1985, is terminated.

IN WITNESS WHEREOF, the Association has caused these presents to be executed by its President and Secretary duly authorized thereto by its Board of Directors in accordance with its Articles of Incorporation and its By-laws, and has caused its corporate seal to be affixed hereto in attestation of such signatures; and the District has caused these presents to be executed by its President and its Secretary and its seal to be affixed hereto, in attestation thereof, in accordance with a

resolution of the Board of Trustees at a regular meeting of
said Board duly called and held.

STRAWBERRY WATER USERS ASSOCIATION

(Seal)

J. Ross Nielsen
By J. Ross Nielsen, President

Attest:

Milton V. Theobald
MILTON V. THEOBALD, Secretary

STRAWBERRY ELECTRIC SERVICE
DISTRICT

Edward Riley
TRUSTEE

Richard L. Saunders
TRUSTEE

Blair R. Hamilton
TRUSTEE

WITNESS:

Harry A. Arthur

ADDRESS: FINAL SHEETEXHIBIT No. 1

OVERHEAD FACILITIES

FINAL
H's
↓

Structure

1. 1 0 Tangent Structure	21	7	21	4	17	4	43	3	10	16	67	43	51	307
1A. 1 0 Tangent Structure (Dbl Arm)	8	2	7	1										18
2. 1 0 Medium Angle Structure					3		2			8	3	6	6	28
3. 1 0 Heavy Angle Structure		1	4	3	2		1			1	2	2	1	17
4. 1 0 Deadend Structure		8		16	3	10	3	11		18	8	10	18	111
5. 1 0 Tap Unit	2	19	2	4	8	10	5	3	1	4	5	6	5	76
6. 1 0 Fused Tap Unit	3	1	1	1	1	1	2	2		6	5	4	3	30
7. 1 0 Double Deadend Tap Unit		1				1		5	1			1	1	10
8. 1 0 Fused Dbl. Deadend Tap Unit			10					1						11
9. 3 0 Tangent Structure	66	23	69	20	103	78	97	17	69	101	3	90	130	1180
10. 3 0 Medium Angle Structure			4		9		3		2				1	19
11. 3 0 Heavy Angle Structure	5		19	1	2	3	5		2	4	4	3	4	52
12. 3 0 Deadend Structure		5	3	3	12	12	5	9		8	15	6	5	84
13. 3 0 Double Deadend Structure	9	3	9	3	15	7	5	7	5	12	31	7	9	122
14. 3 0 Fused Deadend Structure	1		2					2		2	5		1	13
15. 3 0 Tap Unit	8				4	5	5	1	1	3	11	4	8	50
16. 3 0 Fused Tap Unit		1			4	3	5			4	2	2	5	26
17. 3 0 Crossing Unit														
18. 3 0 Double Deadend Crossing Unit														
19. Span Guy	1	1			12	4	4	4	2	2	1	2	7	41
20. Down Guy	23	56	53	34	38	58	53	71	15	83	90	62	72	743
21. Sidewalk Guy		1		4	1	1	2		1	5	4	2	5	26

OVERHEAD FACILITIES

Structure

22. Arm Guy				4												4
22A. Anchor	21	63	45	43	52	44	48	76	16	81	89	66	70	34		749
23. 1 0 Transformer	23	59	11	23	13	28	20	47	2	40	36	61	50	25		438
24. 3 0 Transformer	3	4	8	5	11	13	7	4	1	12	9	4	8			89
25. Capacitor Bank																
26. 3 0 KPF Switch	1						1		1			1	2			6
27. Street Light Unit							1									1
28. 1 0 Tangent Structure	6	68	5	24	8	14	4	4		16	23	24	18	32		253
29. 1 0 Medium Angle Structure		1	1	3		2	3	10		1				1		22
30. 1 0 Heavy Angle Structure			2	12	1	2	1	5		4	1	3	4	2		37
31. 1 0 Deadend Structure	3	21	7	4	4	10	2	21		17	11	14	6	7		127
32. 1 0 Double Deadend Structure		11	2	8		4		16		8	3	9		7		68
33. 1 0 Fused Deadend Structure																
34. 1 0 Tap Unit				3		1	3	18	2	11	9	8		1		68
35. 1 0 Fused Tap Unit				3		3				1		1		3		11
36. 3 0 Tangent Structure			4			1	37									42
37. 3 0 Medium Angle Structure						2				1	2					5
38. 3 0 Heavy Angle Structure			6			5	1									12
39. 3 0 Deadend Structure			1			1				13	3	2	13			33
40. 3 0 Double Deadend Structure			1													1
41. 3 0 Fused Deadend Structure																

POLE HEIGHT

30' Pole		13		22				2	1	10	67	27	23	30		195
35' Pole	97	158	99	94	48	109	65	125	58	119	113	163	107	5		1503

OVERHEAD FACILITIES

Structure

40' Pole	4	1	8	4	7	14	13	3	9	6	5	5	7	2	7	10	4	6	5	17	543
45' Pole								2	3	2	3			8	2	10					30
50' Pole	3							2						12			2				29
Other										2	2			14							18

TRANSFORMER SIZE (Mark No. of Each)

< 10 kVA	1	6	1					4	7	5			7	11	8	12	10				72
10 kVA	4	15	9	8	4	10	7	22	2	14	10	14	20	6							150
15 kVA	1	9	3	13	13	23	25	14	23	2	21	33	31	27	13						291
25 kVA	4	16	8	11	7	17	10	11		2	29	6	11								151
37.5 kVA		2		2		3	1	1		2	5	3	1								47
50 kVA					3					6		1	4								14
75 kVA													3								3
100 kVA				3						3											6
167 kVA																					
Other	2	2		1	2							6	3								16
# Services	28	75	17	52	26	89	37	81	4												409

OVERHEAD FACILITIES

Structure

CONDUCTOR SIZE (Mark No. of Each)

Linear Feet

#6 Bare Copper

#4 ACSR

#2 ACSR

#1/0 ACSR

#2/0 ACSR

#4/0 ACSR

336 MCM ACSR

477 MCM ACSR

Other 2/0 COPPER

10400

62721

32510

5862

6895

3301

210

636

PHASES

1 ϕ

2 ϕ

3 ϕ

AGE OF FACILITIES

Pole

Transformer

Other

129	157	13A	106	50	131	143	22	160	140	116	108	38	1517
73	75	72	74	73	76	68	74	67	76	73	73	72	77
29	51	35	46	52	43	25	51	3	70	73	60	71	75
73	73	75	73	70	79	72	5-60	70	60	9-60	7-60	17-60	1-60
	19	2	29	7	77	42	31	48	16	56	55	52	28
	60	60	60	60	60	60	60	60	60	60	60	60	60

1517

73

61-7

53-

462-

PHASES

1 ϕ

2 ϕ

3 ϕ

159,880

83270

250,850

UNDERGROUND FACILITIES

Structure

TRANSFORMER SIZE

[illegible]

STRUCTURES

[illegible]

CABLE SIZE

[illegible]

UNDERGROUND FACILITIES

Structure

ENCLOSURES

1 Ø Switchgear

28

3 Ø Switchgear

15

Transformer Vault

Secondary Junction Boxes

160

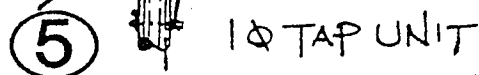
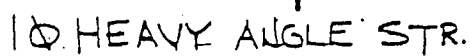
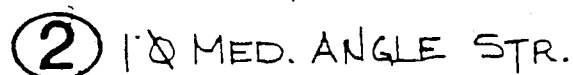
Other

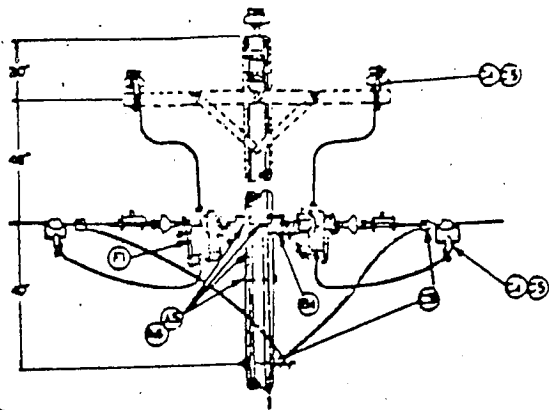
AGE OF FACILITIES

Transformer

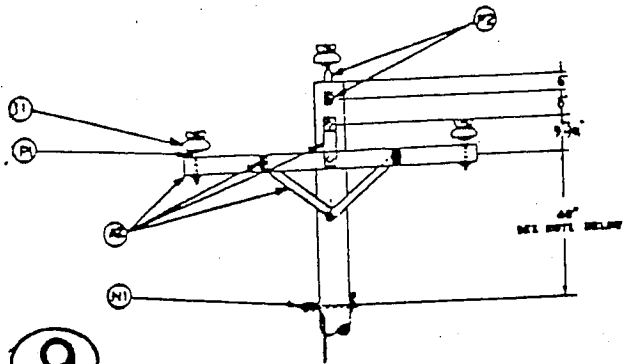
Other

99 TRANS. Average 8 yrs old.

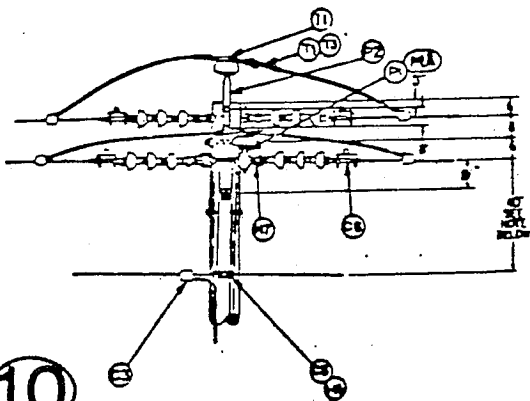




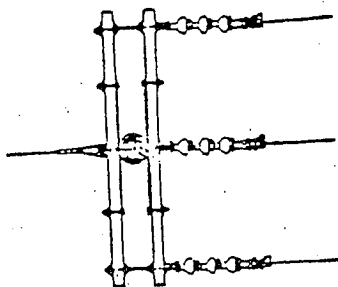
8 1Q FUSED DBL DEADEND TAP UNIT



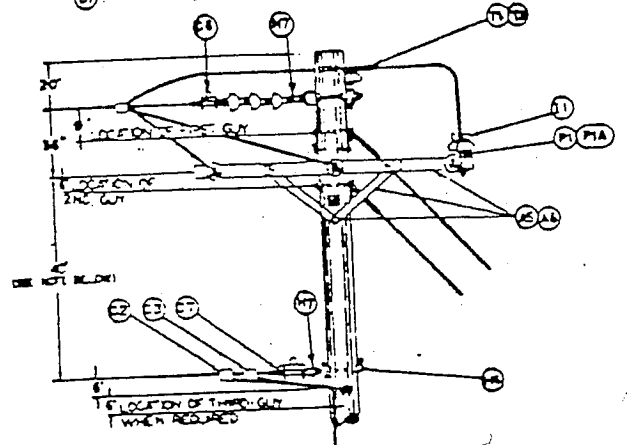
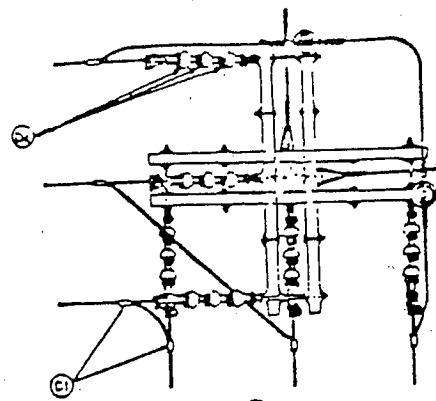
9 3Q TANGENT STR.



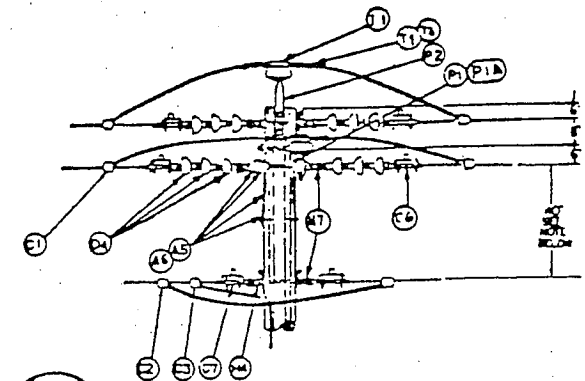
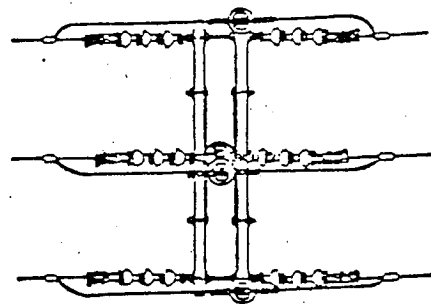
10 3Q MEDIUM ANGLE STR.



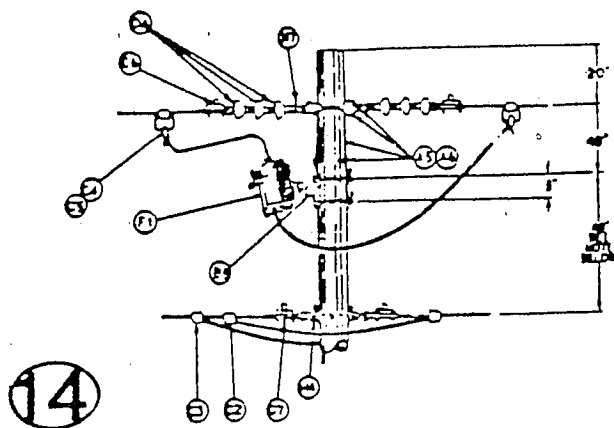
12 3Q DEADEND STR.



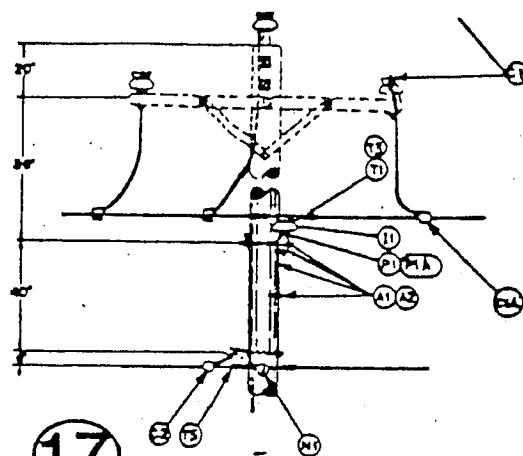
11 3Q HEAVY ANGLE STR.



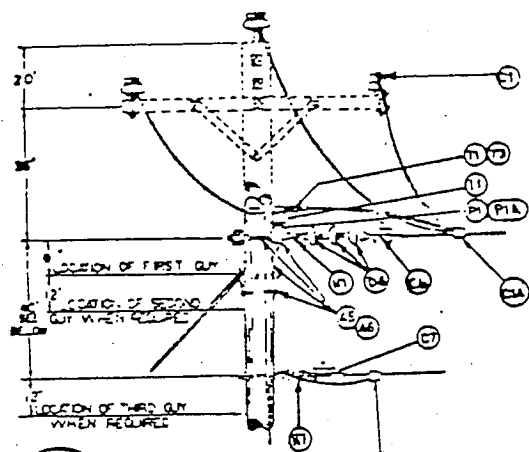
13 3Q DBL. DEADEND STR.



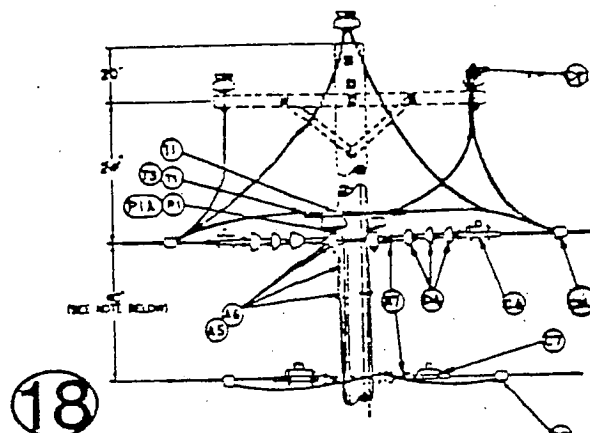
14 3Q FUSED DEADEND STR.



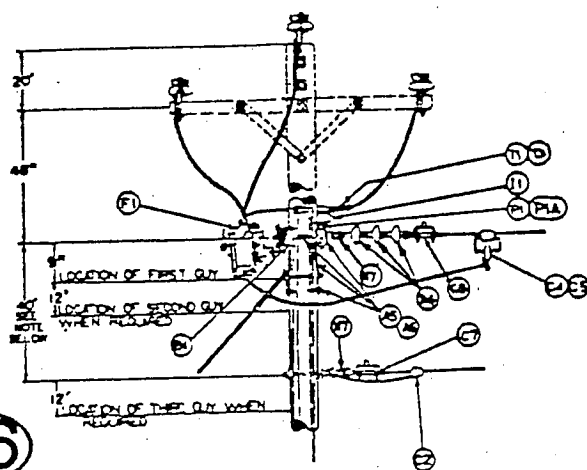
17 3Q CROSSING UNIT



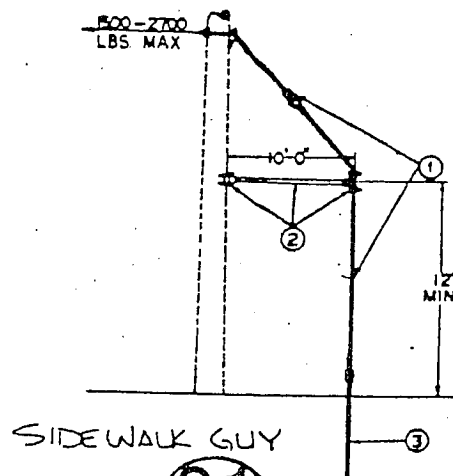
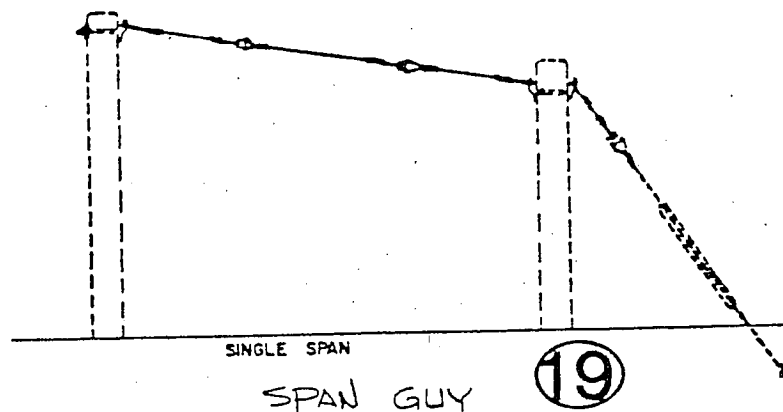
15 3Q TAP UNIT



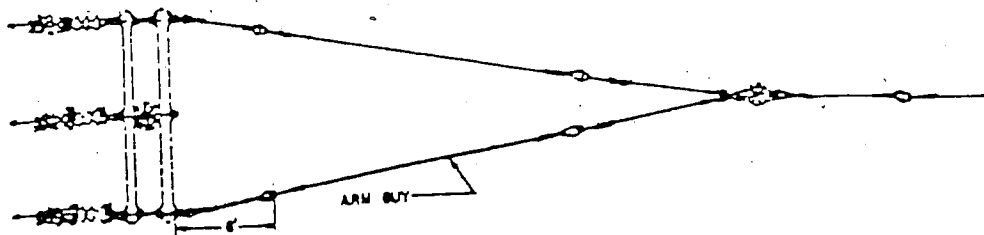
18 3Q DBL. DEADEND CROSSING UNIT



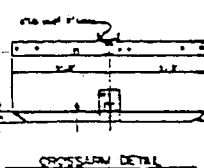
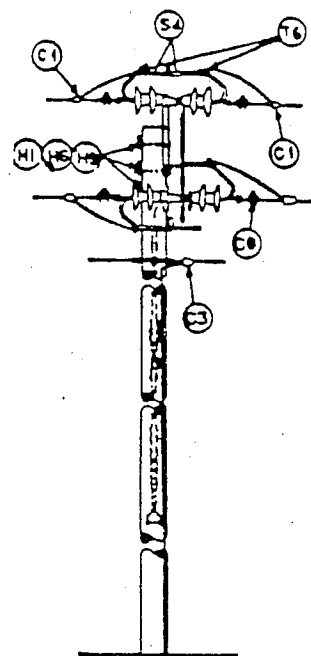
16 3Q FUSED TAP UNIT



20 SIDEWALK GUY

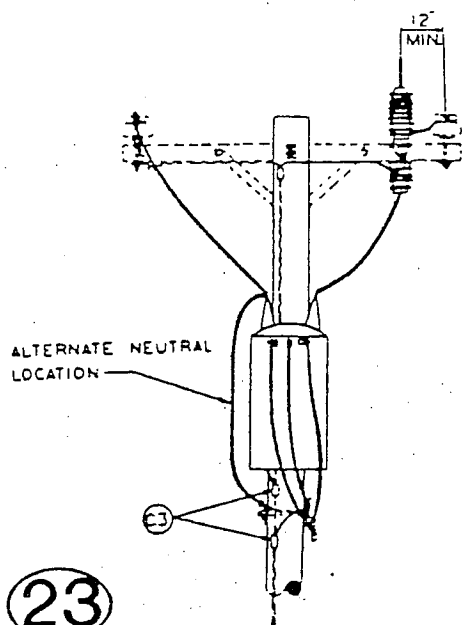


22 ARM GUY



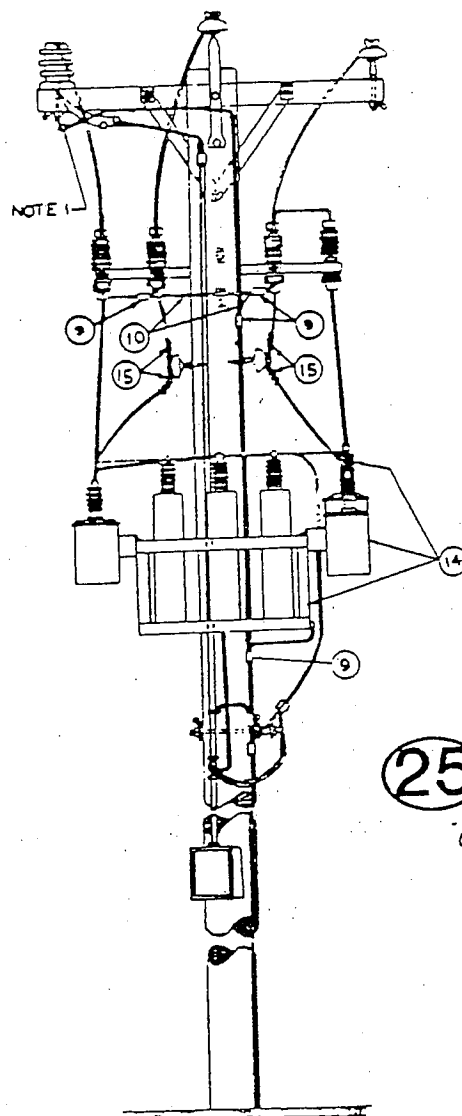
3Ø KPF SWITCH

26



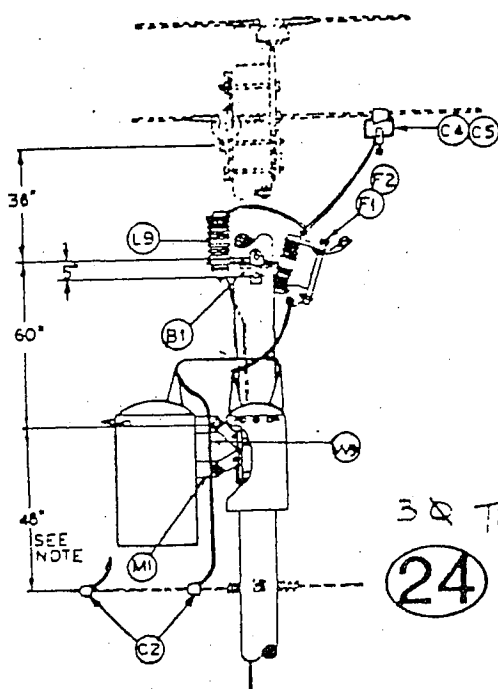
23

1Ø TRANSFORMER



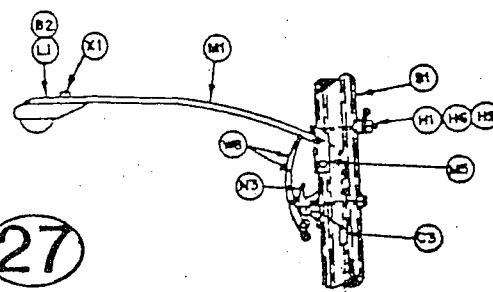
25

CAPACITOR BANK



24

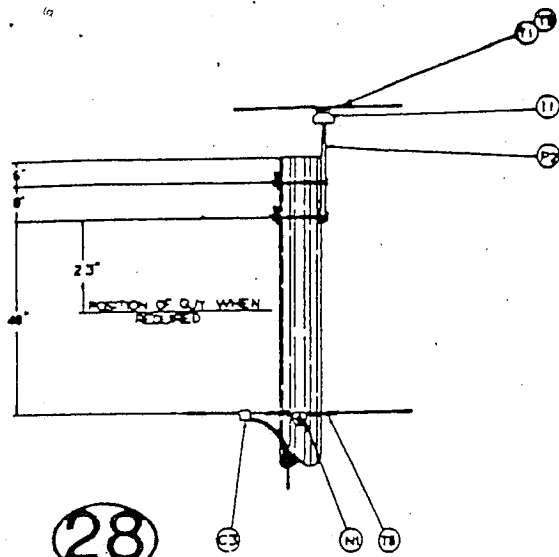
3Ø TRANSFORMER



27

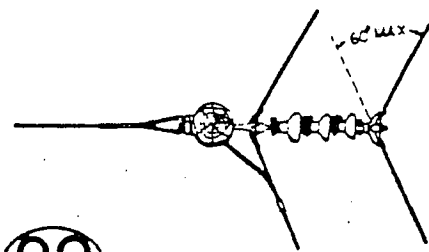
STREET LIGHT UNIT

SIDE VIEW



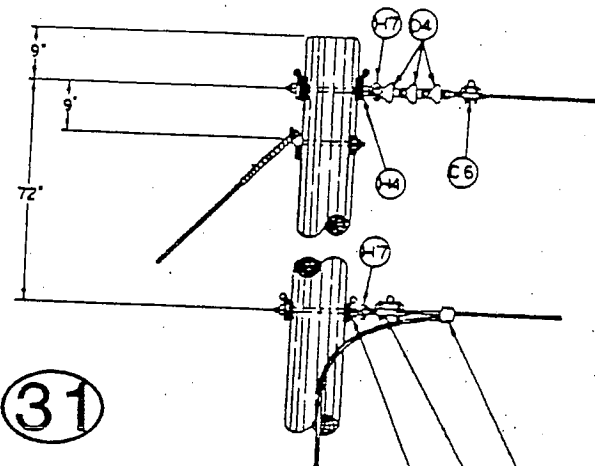
28

1Q TANGENT STR.



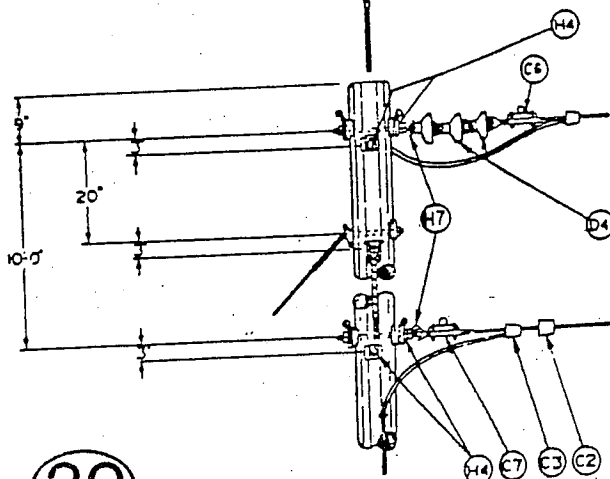
29

1Q MED. ANGLE STR.



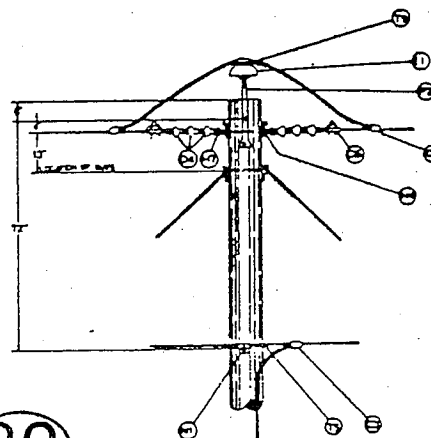
31

1Q DEADEND STR



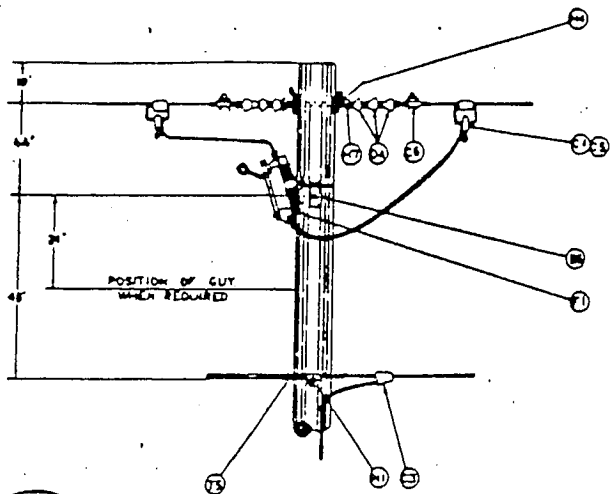
30

1Q HEAVY ANGLE STR.



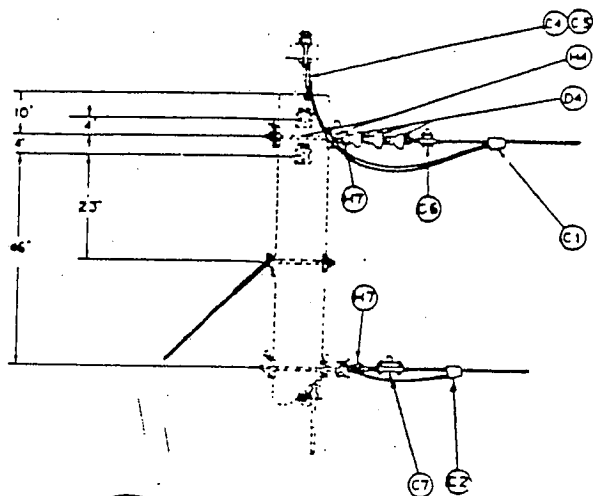
32

1Q DB DEADEND STR



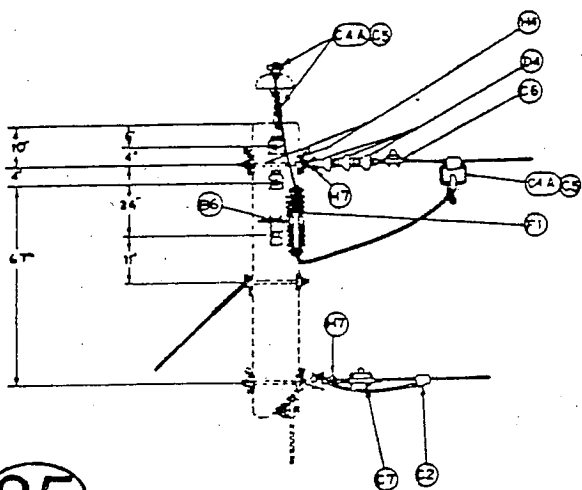
33

1Ø FUSED DEADEND STR.



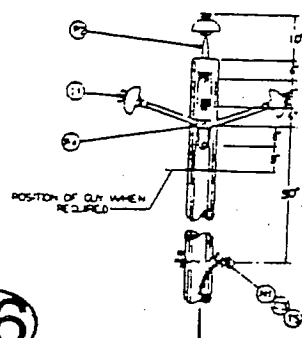
34

1Ø TAP UNIT



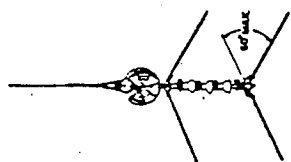
35

1Ø FUSED TAP UNIT

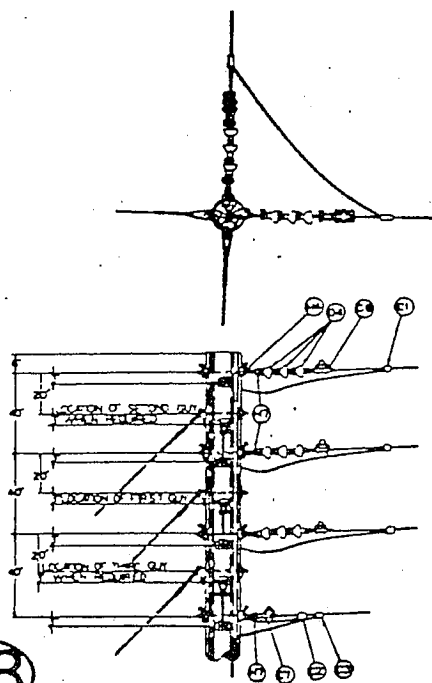


36

3Ø TANGENT STR.

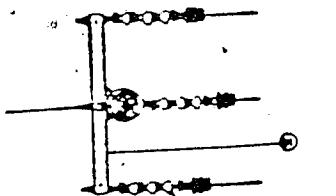


37



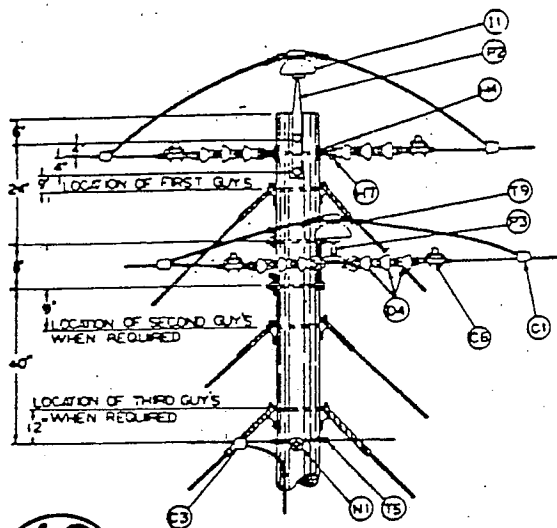
38

3Ø HEAVY ANGLE STR.



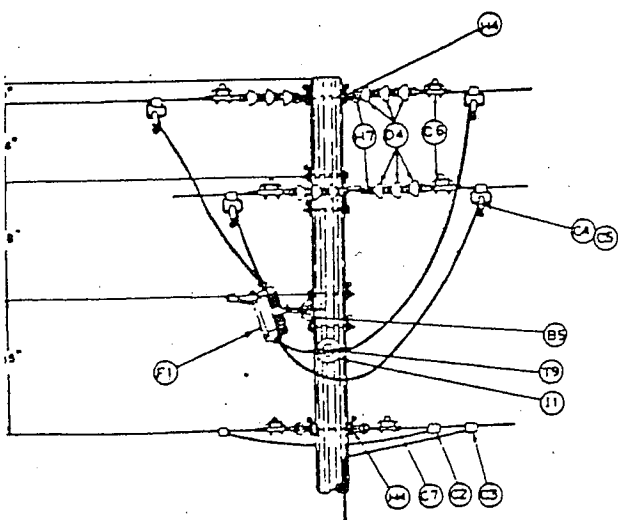
39

3Q DEADEND STR.

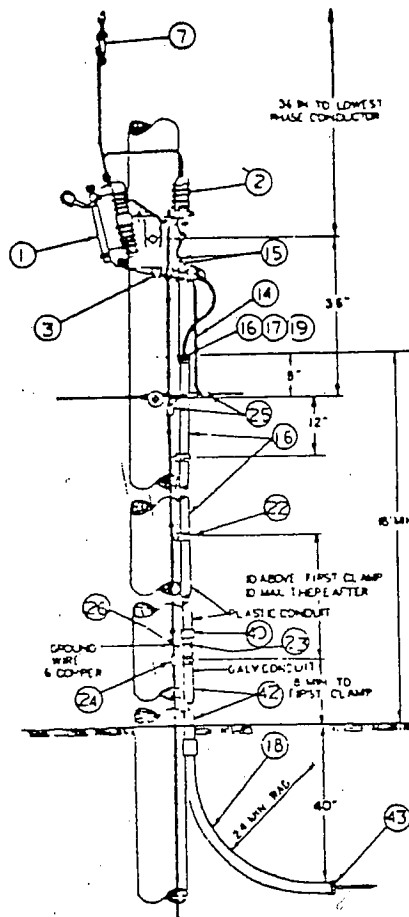


40

3Q DBL DEADEND STR.

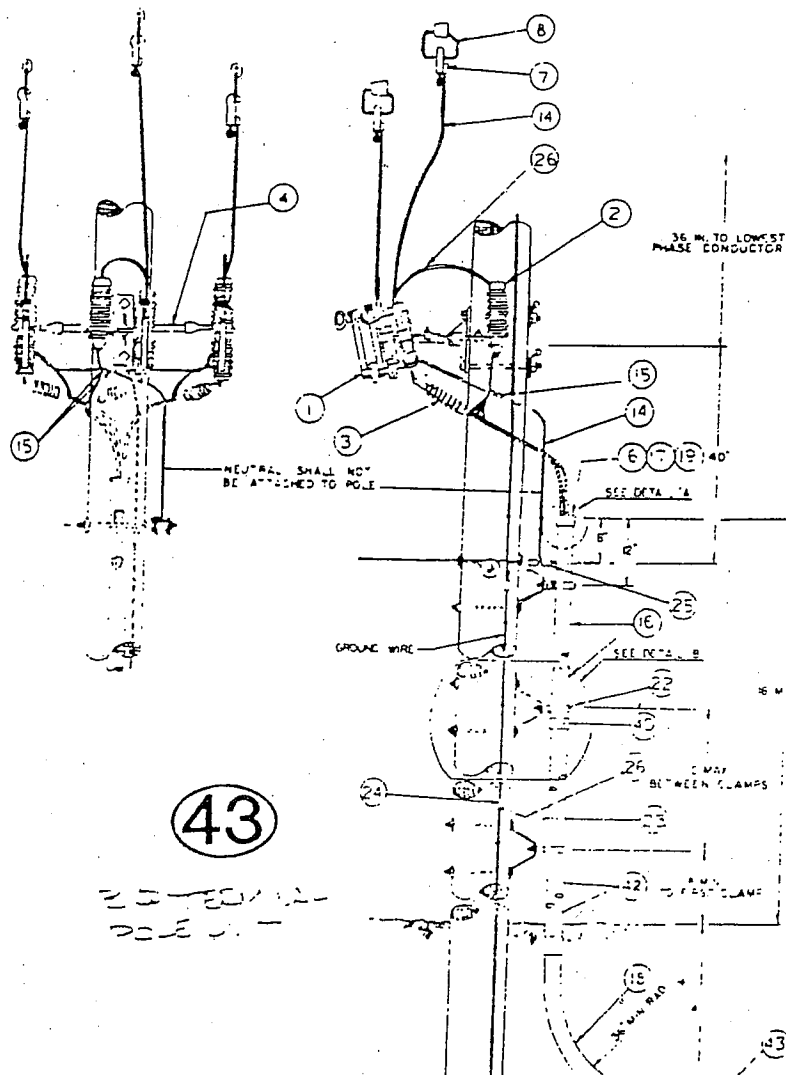


41



42

1Q TERMINAL POLE UNIT



43

CONFORMED COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

Colorado River Storage Project

CONTRACT FOR ELECTRIC SERVICE TO
STRAWBERRY WATER USERS ASSOCIATION

<u>Article</u>	<u>Title</u>	<u>Page No.</u>
1	Preamble	1
2-5	Preliminary Recitals	1-2
6	Term of Contract	2
7	Definition of Summer Season and Winter Season	3
8	Electric Service to be Furnished	3-6
9	Schedule of Rates	6-7
10	Auxiliary Power Service	7-9
11	Scheduling Power and Energy Deliveries	9
12	Breakdown, Emergency, and Planned Outage Service	9-10
13	Other Rules and Regulations	11
14	Construction, Operation, and Maintenance of Contractor's Power System	11
15	Authorized Representatives of the Parties	12
16	Resale of Electric Energy	12-13
17	Power Factor	13-14
18	License to the United States	14
19	Exhibits Made Part of This Contract	14
20	Purchase of Power and Energy by the United States From the Contractor	15
21	General Power Contract Provisions	15
	Signature Clause	16
	Exhibit A	

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

Colorado River Storage Project

CONTRACT FOR ELECTRIC SERVICE TO
STRAWBERRY WATER USERS ASSOCIATION

1. This Contract, made this 23rd day of January 1970, in pursuance of the Act of Congress approved June 17, 1902 (32 Stat. 388), the Act of Congress approved April 11, 1956 (70 Stat. 105), and acts amendatory thereof or supplementary thereto, between THE UNITED STATES OF AMERICA, hereinafter called the United States, represented by the officer executing this contract, his duly appointed successor, or his duly authorized representative, hereinafter called the contracting officer, and the STRAWBERRY WATER USERS ASSOCIATION, a corporation organized and existing under the laws of the State of Utah, hereinafter called the Contractor, its successors and assigns.

WITNESSETH:

2. WHEREAS, the United States is constructing the Colorado River Storage Project, hereinafter called the Storage Project, consisting in part of certain facilities for the production and transmission of electric power and energy; and

3. WHEREAS, the Contractor, as operator of a power system including distribution and generation facilities, desires to purchase and the United States is willing to furnish electric service from the Storage Project under the terms and conditions provided herein; and

4. WHEREAS, the United States has entered into Contract No. 14-06-400-2436, dated May 17, 1962, with Utah Power & Light Company, hereinafter called the Company, under which the Company will accept power and energy scheduled by the United States for transmission and delivery to the United States or such other party or parties as the United States may designate, to the same degree and extent it could have furnished electric power and energy over an all-Federal transmission system operating independently of said Company's system in Utah, under circumstances not less advantageous to the United States, its customers, and the Basin Fund of the Storage Project; and

5. WHEREAS, the United States has also entered into a contract with the Company under which the Company will transmit over its transmission system from the Equivalent Federal Point of Delivery to the Point of Use the power and energy contracted for hereunder;

NOW, THEREFORE, in consideration of the mutual covenants herein set forth, the parties hereto agree as follows:

TERM OF CONTRACT

6. (a) This contract shall become effective on the date of its execution, and, subject to prior termination as otherwise herein provided for, shall remain in effect until midnight of the last day of the March 1969 billing period.

(b) The date of initial service hereunder at each point of delivery is defined as the date upon which the United States is ready to furnish and the Contractor is ready to receive electric service.

DEFINITION OF SUMMER SEASON AND WINTER SEASON

7. For purposes of this contract:

- (1) The term "summer season" shall mean the six-month period from the first day of the April billing period through the last day of the September billing period of any calendar year.
- (2) The term "winter season" shall mean the six-month period from the first day of the October billing period of any calendar year through the last day of the March billing period of the succeeding calendar year.

ELECTRIC SERVICE TO BE FURNISHED

8. (a) Point of Delivery. The United States, under the terms and conditions stipulated herein, will furnish electric service to the Contractor, from and after the date of initial service as herein defined, at the point at which the 46-kilovolt circuit of the Contractor is attached to the 46-kilovolt circuit of the Company at the Contractor's hydroplant, hereinafter called the Point of Use, and at such other points and voltages as may be agreed upon by written supplement to this contract. Said electric service will be furnished over facilities of the Company to the Equivalent Federal Point of Delivery near Springville, Utah, under the terms and conditions provided in Contract No. 14-06-400-2436 or under said contract as it may be amended or extended from time to time, or

under the terms and conditions of any contract that may supersede or succeed said contract, and between the Equivalent Federal Point of Delivery and the Point of Use under the terms and conditions provided in Contract No. 14-06-400-3817 between the United States and the Company (copies of which are on file in the Regional Office of the Bureau of Reclamation at Salt Lake City, Utah).

(b) Delivery Voltage and Measurement. Electric power and energy furnished hereunder will be delivered to the Contractor at a nominal delivery voltage of 46 kilovolts and will be measured at the Contractor's hydroplant substation at a nominal voltage of 46 kilovolts by metering equipment furnished and maintained by the United States unless otherwise agreed to by written supplement to this contract. Inasmuch as power and energy furnished hereunder is measured at other than the Equivalent Federal Point of Delivery and 138 kilovolts, the measured amounts will be increased by five per cent (5%) to adjust for losses from the point of measurement to the Equivalent Federal Point of Delivery and 138 kilovolts; Provided, That such loss factors shall be reviewed at least every two years and shall be adjusted to more nearly conform to actual losses as experience indicates.

(c) Contract Rate of Delivery. The United States, under the terms and conditions stipulated herein, will furnish electric service to the Contractor at the Equivalent Federal Point of Delivery near Springville, Utah, at 138 kilovolts in amounts which the Contractor may from time to time require up to a maximum aggregate rate of delivery for all points of 1500 kilowatts in each summer season and 1750 kilowatts in

each winter season, hereinafter called the contract rates of delivery for firm power. Such maximum summer season contract rate of delivery for firm power shall become effective beginning with the first day of the April 1975 billing period and such maximum winter season contract rate of delivery for firm power shall become effective beginning with the first day of the October 1975 billing period; Provided, That, prior to such effective dates, the individual seasonal contract rates of delivery for firm power shall be as specified in Exhibit A. Said individual seasonal contract rates of delivery for firm power may be modified from time to time by the parties hereto to meet the Contractor's requirements, up to the maximum amount of 1500 kilowatts for the summer season and 1750 kilowatts for the winter season, by successive revisions of Exhibit A. If the Contractor should require lesser amounts of firm power than the contract rates of delivery specified herein due to the loss of specific system loads or failure to attain expected system load growth, said contract rates of delivery, upon approval of the contracting officer, may be reduced to such lower amounts in each service season as the Contractor may specify by written notice given to the contracting officer not less than sixty (60) days prior to the effective date for such reduced seasonal contract rates of delivery. Such reduced amounts shall be set forth in a revised Exhibit A.

(d) Quantity of Energy. Notwithstanding the Energy Limitations provision of Rate Schedule PL-F1 attached to this contract, electric energy will be delivered at Equivalent Federal Points of Delivery in amounts the Contractor may from time to time require; Provided, That

the United States may, when power and energy hereunder is used with auxiliary power and energy from other sources, limit energy deliveries to the Contractor's normal daily load pattern by hours and 2,550 kilowatt-hours per kilowatt of contract rate of delivery for each full summer or winter season. Any such restriction shall not be considered a curtailment of electric service which is subject to billing adjustment.

(e) Additional Requirements in March and October. Notwithstanding the terms of provision B of the General Power Contract Provisions attached to this contract, the Contractor may use energy at rates of power delivery greater than the contract rate of delivery in effect for the months of March and October in such amounts and for such periods as may be agreed upon in writing by the authorized representatives of the Contractor and contracting officer. The Contractor will be entitled to receive 425 kilowatt-hours per kilowatt in the month in which such additional deliveries are made.

SCHEDULE OF RATES

9. (a) The Contractor shall pay for the electric service furnished hereunder in accordance with rates, charges, and conditions set out in Rate Schedule R4-F1 attached hereto and made a part hereof which is applicable at the voltage specified at the Equivalent Federal Point of Delivery. The United States will review the schedule of rates for sale of Storage Project power at intervals of not more than five years to assure the accumulation of a Basin Fund large enough to permit the earliest practicable development of participating projects of the Colorado River Storage

Project in accordance with the spirit and intent of Public Law 485 (70 Stat. 105) under which the Project was authorized.

(b) In addition to the charges to be made pursuant to section (a) of this article the Contractor shall reimburse the United States for all costs, including losses, paid to the Company in connection with deliveries of power and energy to the Contractor under the terms and conditions provided in the contract between the United States and the Company referred to in Article 8(a) hereof which provides for wheeling between Equivalent Federal Points of Delivery and Points of Use.

AUXILIARY POWER SERVICE

10. When power and energy from any other source is used by the Contractor, auxiliary or supplementary to or in conjunction with power and energy contracted for hereunder, authorized representatives of the Contractor and the contracting officer, prior to such use, shall enter into a written operating agreement defining the procedures by which the amount of power and energy supplied by the United States will be determined. Such procedures shall be developed in conformity with the following principles:

- (1) The United States will be obligated to furnish, and the Contractor shall be entitled to receive, firm power in any billing period up to the then effective contract rate of delivery and an amount of energy in this period up to the energy obligation as stated in Article 8(d), "Electric Service

to be Furnished," unless larger quantities are agreed upon by authorized representatives of the Contractor and contracting officer.

- (2) The Contractor shall be obligated to pay for power and energy in each billing period, in accordance with Article 9 hereof, "Schedule of Rates." The quantities of energy deemed to be furnished, and to be paid for, shall be the quantities metered to or scheduled to the Contractor by the United States but shall not be less than 1,500 kilowatt-hours per kilowatt of contract rate of delivery for each full service season unless otherwise agreed to by authorized representatives of the Contractor and contracting officer.
- (3) The agreement shall also include such other particulars as are necessary to account for the amounts of power and energy supplied by the United States for purposes of its projects or supplied or transmitted under any contract heretofore or hereinafter entered into by the United States with the Contractor and/or with any other party.
- (4) If any party hereto, or any other party that may be concerned, fails or refuses to enter into such written operating agreement, the contracting officer may

promulgate rules and regulations defining the procedures by which amounts of power and energy supplied by the United States at the Points of Use will be determined.

SCHEDULING POWER AND ENERGY DELIVERIES

11. Deliveries of power and energy hereunder may be scheduled in advance, emergencies excepted, and accounted for on the basis of such advance schedules, all in accordance with procedures agreed upon in advance between the authorized representatives of the Contractor and contracting officer. The procedures may provide for the adaption of such schedules to the needs of day to day or hour by hour operation. Said procedures may also specify the conditions under which inadvertent deliveries, which are greater or less than scheduled deliveries, shall be corrected in later deliveries.

BREAKDOWN, EMERGENCY, AND PLANNED OUTAGE SERVICE

12. (a) In the event of a breakdown, emergency, or planned outage for inspection, maintenance, repair, or installation of equipment on the system of the Contractor, the United States shall make every effort to supply during the period of such breakdown, emergency, or planned outage, from its own resources or from standby electric service made available to it from others, all necessary power and energy so far as it can do so consistent with its obligations to its other customers, but the United States shall be the sole judge of its ability to supply such power and energy.

(b) The Contractor shall pay the United States for service in connection with power and energy supplied to the Contractor by the United States for breakdown, emergency, or planned outage, and such payment shall be in accordance with the rate schedule provided for in Article 9 hereof. The capacity and the amount of energy supplied for such service shall be estimated from the best information available and monthly meter readings for normal service shall be adjusted accordingly before computing charges for such normal service. The capacity charge for such service shall be proportionately adjusted for a fractional billing period by the ratio that the number of hours for such service bears to the total number of hours in the billing period involved. In the event the United States incurs incremental expenses in furnishing power and energy for breakdown, emergency, or planned outage because of the use of facilities of others in the delivery of said service or obtaining such service from other sources available to it, the Contractor shall reimburse the United States for the expenses so incurred; Provided, That no reimbursement for incremental expenses incurred by the United States for transmission of power shall be made by the Contractor for delivery to Equivalent Federal Points of Delivery if the total power transmitted by the United States over the Company's system to such Points, including emergency, breakdown, and planned outage service hereunder, is less than the total capability of the involved section of the planned all-Federal transmission system in Utah as determined by the contracting officer.

OTHER RULES AND REGULATIONS

13. The authorized representatives of the Contractor and contracting officer may agree upon and put into effect from time to time such other written rules and regulations as may be required in order to establish the methods of operation to be followed in the performance of this contract.

CONSTRUCTION, OPERATION, AND MAINTENANCE OF CONTRACTOR'S POWER SYSTEM

14. The Contractor shall construct, operate, and maintain its power system in a manner which will not interfere with the operations of the system from which electric service is supplied to the Contractor hereunder, and which will coordinate with the protective relaying and other protective arrangements on said system. The United States may discontinue furnishing electric service if, after reasonable notice by the contracting officer of an unsatisfactory condition on the Contractor's power system which interferes or may interfere with any service supplied from the power system of the United States, or from the power system of its transmission agent, the Contractor fails or refuses to make such changes as may be necessary to eliminate such unsatisfactory condition. Such a discontinuance of electric service will not relieve the Contractor of liability for the minimum charge provided for herein during the time said electric service is so discontinued. Nothing in this article contained shall be construed to render the United States liable for any claims, demands, costs, losses, causes of action, damages, or liability of whatsoever kind or nature, arising out of or resulting from the construction, operation, or maintenance of the Contractor's power system.

AUTHORIZED REPRESENTATIVES OF THE PARTIES

15. The Contractor and contracting officer by written notice to the other shall designate the representative who is authorized to act in its and his behalf with respect to those matters contained herein which are the functions and responsibilities of the authorized representatives of the parties. Each party may change the designation of its authorized representative upon written notice to the other.

RESALE OF ELECTRIC ENERGY

16. Distribution Principles. The parties hereto agree and understand that the purpose of making low cost, federally generated power available is to encourage the most widespread use thereof, and the Contractor therefore agrees:

- (1) That the benefits of federally generated power shall be made available at fair and reasonable terms to all of its consumers at the lowest possible rates consistent with sound business principles.
- (2) That it will, to the extent that different rules are not prescribed by State laws or by State or Federal agencies, maintain proper books of account in accordance with the system of accounts prescribed for public utilities and licensees by the Federal Power Commission.
- (3) That it will furnish for the information of the contracting officer copies of schedules of resale rates in effect on the date of execution of this contract, and will also

furnish for information of the contracting officer
schedules of resale rates hereafter adopted.

- (4) That it will provide the contracting officer an annual statement indicating the financial operations of the Contractor's system and indicating that the charges to consumers are consistent with the principles set forth in subsection (1) hereof.
- (5) That it will publish annually a report in a newspaper of general circulation in the area served by the Contractor and will include in such report the operating and financial data of the Contractor's electric distribution system, setting forth in detail the gross revenues and disposition thereof. The first of such reports shall be published on or before the 1st day of March 1970, and annually thereafter. In lieu of the published annual report, the Contractor may furnish such information by mailing copies of the annual report to each of its consumers and a copy to the contracting officer.

POWER FACTOR

17. The Contractor shall maintain a power factor between 90 per cent lagging and 90 per cent leading at each Point of Use; Provided, That the Contractor will be permitted to operate at a lower power factor when conditions are such, as determined by the contracting officer, that a lower power factor will be mutually advantageous to the Contractor and to the

United States; and Provided, further, That, in the event delivery to the Contractor is through the facilities of a third party, such lower power factor is acceptable to such third party.

LICENSE TO THE UNITED STATES

18. (a) The Contractor hereby grants the United States a license to install, operate, maintain, replace, or repair, either or all, upon property of the Contractor, such facilities as in the opinion of the contracting officer are necessary or desirable for the purposes of this contract.

(b) Any facilities installed by the United States pursuant to this license shall be and remain the property of the United States notwithstanding that the same may have been affixed to the premises of the Contractor, and the United States shall have a reasonable time after the expiration of this license in which to remove its facilities so installed.

EXHIBITS MADE PART OF THIS CONTRACT

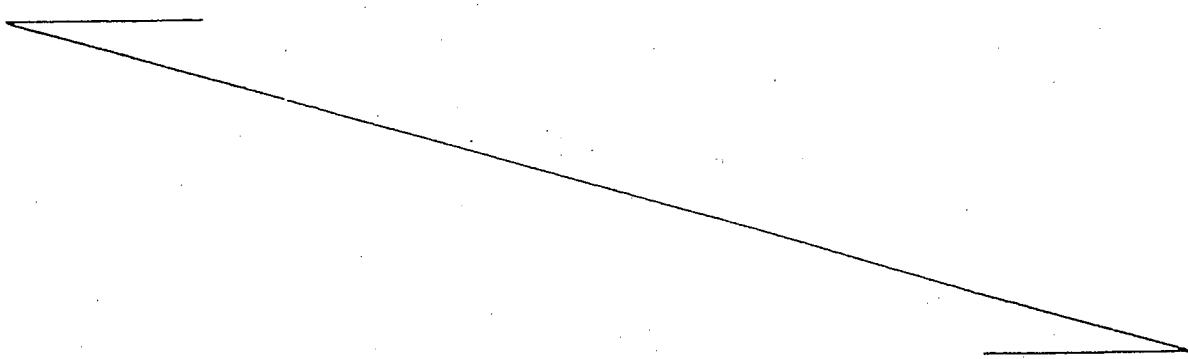
19. Since the seasonal contract rates of delivery will vary during the term hereof, they will be set forth in Exhibit A as from time to time formulated between the parties hereto. Exhibit A, when executed by said parties, shall become a part of this contract during the term fixed in said Exhibit A. The initial Exhibit A is attached hereto and shall be in force and effect in accordance with its provisions until superseded by a subsequent exhibit.

PURCHASE OF POWER AND ENERGY
BY THE UNITED STATES FROM THE CONTRACTOR

20. Should the United States, from time to time, desire to purchase power and energy from the Contractor, the Contractor shall furnish at the Points of Use such power and energy as the United States may request or such lesser amount as the Contractor, in its sole judgement, has available for the use of the United States. The United States shall pay or credit the Contractor for the power and energy furnished pursuant to this article during any billing month at a rate agreed to between the parties in each instance of such purchase. The Contractor shall provide or cause to be provided any metering equipment necessary to determine amounts of power and energy it furnished the United States.

GENERAL POWER CONTRACT PROVISIONS

21. The General Power Contract Provisions effective April 27, 1961, (with revised page 2 dated August 7, 1968, and revised page 3 dated January 2, 1969) attached hereto are hereby made a part of this contract the same as if they had been expressly set forth herein; Provided, That provisions G, N, Y, and AA to FF, inclusive, shall not be applicable hereunder.



IN WITNESS WHEREOF, the parties hereto have caused this contract
to be duly executed the day and year first above written.

THE UNITED STATES OF AMERICA

By: *David Kendall*
Regional Director, Region 4
Bureau of Reclamation
Salt Lake City, Utah

STRAWBERRY WATER USERS ASSOCIATION

By: *William W. Taylor*
Title: President
Address: 54 West 1st North
Payson, Utah

(CORPORATE SEAL)

ATTEST:

Nelson L. Taylor
Title: Secretary Treasurer

C E R T I F I C A T E

I, Nelson R. Taylor, certify that I am
the Secretary-treasurer of Strawberry Water
Users Association, the corporation named as Contractor herein; that
Arthur W. Finley, who signed the above contract on
behalf of said Contractor, was then its President;
that said contract was duly signed for and in behalf of said Contractor
by authority of its governing body and is within the scope of its
corporate powers.

Nelson R. Taylor

(CORPORATE SEAL)

EXHIBIT ACONTRACT RATES OF DELIVERY
Refer to section (c) of Article 8

1. This Exhibit A, made this 23rd day of January 1970, to be effective under and as a part of Contract No. 14-06-400-5216, dated January 23, 1970, hereinafter called the contract, shall become effective on the date of initial service under the contract and shall remain in effect until superseded by another Exhibit A; Provided, That this Exhibit A or any superseding Exhibit A shall be terminated by the termination of the contract.

2. On and after the effective date of this Exhibit A, the contract rate of delivery for firm power in kilowatts shall be:

1969 Summer Season	<u>800</u>	1969-70 Winter Season	<u>1000</u>
1970 Summer Season	<u>850</u>	1970-71 Winter Season	<u>1050</u>
1971 Summer Season	<u>900</u>	1971-72 Winter Season	<u>1100</u>
1972 Summer Season	<u>1000</u>	1972-73 Winter Season	<u>1200</u>
1973 Summer Season	<u>1100</u>	1973-74 Winter Season	<u>1300</u>
1974 Summer Season	<u>1200</u>	1974-75 Winter Season	<u>1400</u>
1975 Summer Season		1975-76 Winter Season	
and thereafter	<u>1500</u>	and thereafter	<u>1750</u>

Provided, That said contract rates of delivery for firm power may be subject to adjustment by successive revisions of this Exhibit A as provided for in Article 8(c) of the contract.

IN WITNESS WHEREOF, the parties hereto have caused this Exhibit A to be duly executed the day and year first above written.

STRAWBERRY WATER USERS ASSOCIATION

By: _____

Title: President

Address: 5th West 2nd North
Payson, Utah

THE UNITED STATES OF AMERICA

By: [Signature]
Regional Director, Region 4
Bureau of Reclamation
Salt Lake City, Utah

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

Schedule R4-F1

Colorado River Storage Project

SCHEDULE OF RATES FOR WHOLESALE FIRM POWER SERVICE

Effective:

March 6, 1962

Available:

In the established market area for the Colorado River Storage Project.

Applicable:

To wholesale power customers for general power service, at the voltages available at each of the Storage Project's designated delivery points.

Character and Conditions of Service:

Alternating current, sixty-cycle, three-phase. Delivery and metering will be at the point of delivery on the Storage Project power system. If service is metered at points other than the delivery points, adjustment of metered quantities of power and energy will be agreed upon in the sales contract to appropriately adjust for transmission losses and transformation losses between point of delivery and point of metering.

Monthly Rate:

Capacity Charge: \$1.275 per kilowatt of the greater of:

- (1) The contract rate of delivery; or
- (2) The maximum 30-minute integrated demand

Energy Charge: \$0.003 per kilowatt-hour

Contract Rate of Delivery:

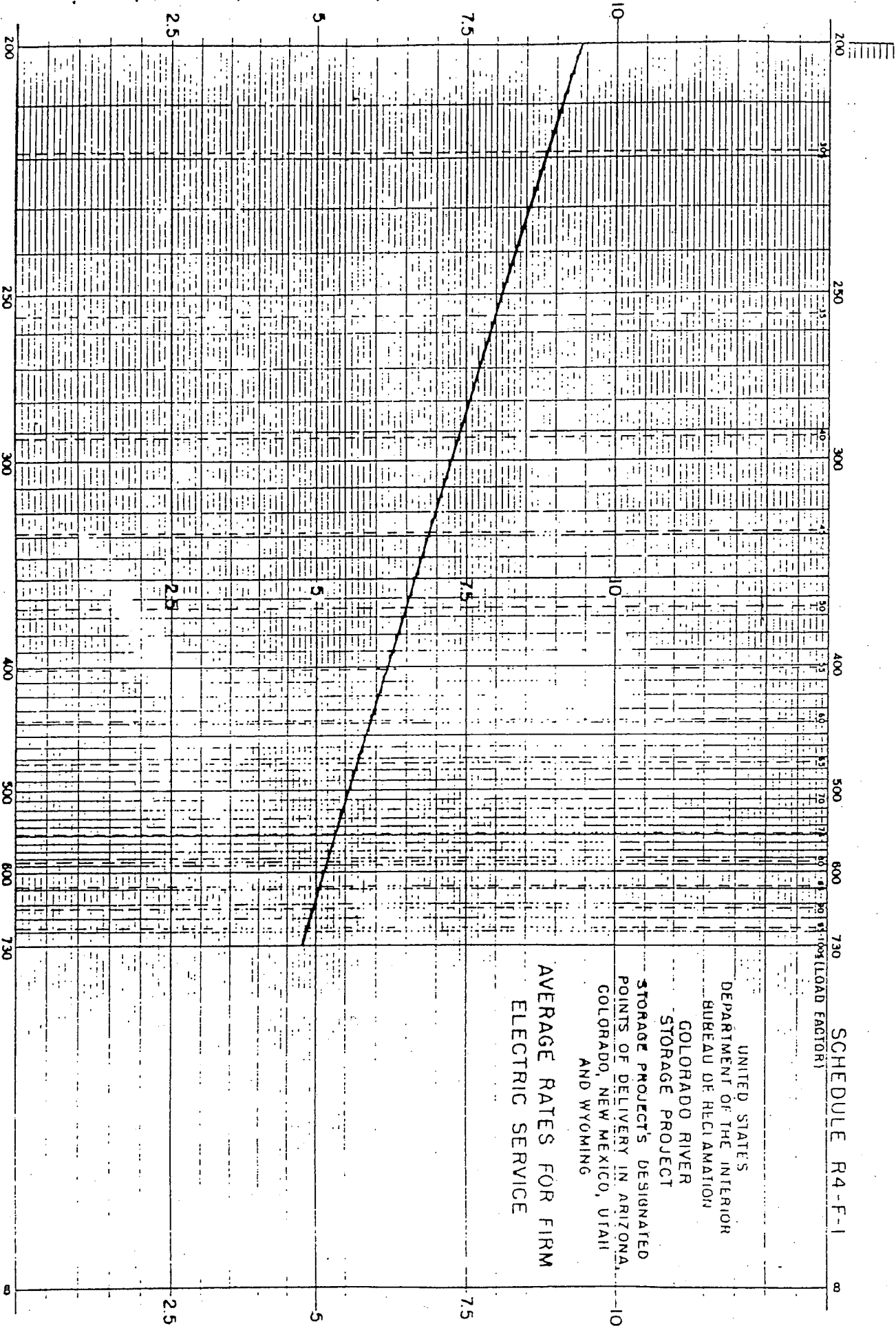
The maximum 30-minute integrated rate of delivery established in the power sales contract. Separate contract rates of delivery will be established for each customer for the Summer Season (April through September of any year) and for the Winter Season (October, November, and December of one year and January, February, and March of the following year).

Energy Limitations:

The United States shall not be obligated to deliver nor shall the customer be entitled to receive energy in excess of the lesser of his requirements or the number of kilowatt-hours per kilowatt of contract rate of delivery, established by announcements from time to time made to all customers. Within the limits of energy availability established for each season, the United States may limit monthly energy deliveries to conform with the contemplated pattern of generation.

AVERAGE RATE PER KWH
(MILLS)

HOURS USE PER MONTH



SCHEDULE R4-F-1

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
COLORADO RIVER
STORAGE PROJECT
STORAGE PROJECTS DESIGNATED
POINTS OF DELIVERY IN ARIZONA,
COLORADO, NEW MEXICO, UTAH
AND WYOMING
AVERAGE RATES FOR FIRM
ELECTRIC SERVICE

GENERAL POWER CONTRACT PROVISIONS

A. Characteristics of Power and Energy.

Electric energy supplied hereunder will be three-phase, alternating current, at a nominal frequency of sixty (60) cycles per second.

B. Delivery of Energy in Excess of Contract Obligation.

The Contractor may from time to time, in the absence of objection by the contracting officer, use energy at rates of power delivery greater than the contract rate of delivery in effect for each type of service provided for in this contract, but such greater use shall not be deemed to establish in the Contractor any right thereto and the Contractor shall cease any such greater use whenever and for the periods of time requested by the contracting officer. Nothing in this contract contained shall obligate or be construed to obligate the United States to increase any contract rate of delivery hereunder. If additional power is not available from the United States, the responsibility for securing additional power shall rest wholly with the Contractor.

C. Continuity of Electric Service to be Furnished.

The electric service, unless otherwise specified, will be furnished continuously except (1) for interruptions or reductions due to uncontrollable forces, as defined herein; (2) for interruptions or reductions due to operation of devices installed for power system protection; and (3) for temporary interruptions or reductions, which, in the opinion of the contracting officer, are necessary or desirable for the purposes of maintenance, repairs, replacements, installation of equipment, or investigation and inspection. The United States, except in case of emergency as determined by the contracting officer, will give the Contractor reasonable advance notice of such temporary interruptions or reductions and will remove the cause thereof with diligence.

D. Multiple Points of Delivery.

When electric service is furnished at two or more points of delivery under the same schedule of rates, said schedule of rates shall apply separately to the service supplied at each point of delivery; Provided, That where the meter readings are considered separately and the Contractor's system may be interconnected between points of delivery during emergencies, the meter readings at any point of delivery will be adjusted when necessary to compensate for duplication of power demand recorded by meters at alternate points of delivery due to emergency conditions which are beyond the Contractor's control or temporary conditions caused by scheduled outages.

E. Uncontrollable Forces.

Neither party shall be considered to be in default in respect to any obligation hereunder, if prevented from fulfilling such obligation by reason of uncontrollable forces, the term uncontrollable forces being deemed for the purpose of this contract to mean any cause beyond the control of the party affected, including, but not limited to, failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, and restraint by court or public authority, which by exercise of due diligence and foresight such party could not reasonably have been expected to avoid. Either party rendered unable to fulfill any obligation by reason of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch.

F. Modification of Rates.

The rate schedule specified in this contract shall be subject to successive modification by the United States through the promulgation of superseding rate schedules. If at any time the United States promulgates a rate schedule superseding the rate schedule then in effect under this contract, it will promptly notify the Contractor thereof. Said superseding rate schedule, as of its effective date, shall become effective as to this contract unless the Contractor, by notice in writing given to the contracting officer within 180 days after notice to it by the United States of promulgation of said superseding rate schedule, shall elect to terminate this contract effective as of such date not more than three (3) years subsequent thereto as the Contractor shall therein specify. In the event of such termination, said superseding rate schedule shall not be effective during the period of the remaining unexpired term of this contract or during a period of two years from the date of notice to the Contractor of the promulgation of said superseding rate schedule, whichever period is shorter.

G. Minimum Annual Capacity Charge.

When the rate schedule in effect under this contract provides for a minimum annual capacity charge, a statement of the minimum annual capacity charge due, if any, shall be included in the bill rendered for electric service for the last billing period of each calendar year, appropriately adjusted on a pro rata basis if the full billing periods for the adjustable items (including increases or decreases in the contract rate of delivery) in the calendar year are less than 12. Fractional billing periods will not be considered in such determination. Where multiple points of delivery are involved and the contract rate of delivery is stated to be a maximum aggregate rate of delivery for all points, in determining the minimum annual capacity charge due, if any, the monthly capacity charges at the individual points of delivery shall be added together. If this contract represents a continuation of electric service to an existing customer, for the purpose of determining the minimum annual capacity charge, (1) the first 2- full billing periods shall begin with the date that electric service was first rendered under the same or a similar rate schedule in the expired or superseded contracts, and (2) for the calendar year in which electric service is begun under this contract, the minimum annual capacity charge under this contract and the contracts it succeeded or superseded shall be combined into one such charge due at the end of said calendar year and the monthly capacity charges during said entire calendar year shall be credited against said combined minimum annual capacity charge.

H. Billing and Payments.

The United States will submit bills to the Contractor on or before the tenth day of each month for electric service furnished during the preceding month, and payments will be due and payable by the Contractor on the first day of the month immediately succeeding the date each bill is submitted.

I. Nonpayment of Bills.

If the Contractor fails to pay any bill when due an interest charge of one per cent (1%) of the amount unpaid shall be added thereto as provided herein, and thereafter, if payment is not made, an additional interest charge of one-half of one per cent (1/2%) of the principal sum unpaid shall be added on the first day of each succeeding calendar month until the amount due, including interest, is paid in full. The United States shall have the right upon not less than fifteen (15) days advance written notice to discontinue furnishing electric service to the Contractor for nonpayment of bills and to refuse to resume same so long as any part of the amount due remains unpaid. Such a discontinuance of electric service will

GENERAL POWER CONTRACT PROVISIONS

not relieve the Contractor of liability for the minimum charge during the time electric service is so discontinued. The rights given herein to the United States shall be in addition to all other remedies available to the United States, either at law or in equity, for the breach of any of the provisions hereof.

J. Adjustments for Fractional Billing Period.

(a) For a fractional part of a billing period at the beginning or end of service, and for fractional periods due to withdrawals of service, the demand or capacity charge, the kilowatthour blocks of the energy charge, and the minimum charge shall each be proportionately adjusted in the ratio that the number of hours that electric service is furnished to the Contractor in such fractional billing period bears to the total number of hours in the billing period involved.

(b) Whenever irrigation and/or drainage pumping service is supplied under this contract, adjustments in the demand or capacity charge and in the kilowatthour blocks of the energy charge as applicable, and in the minimum charge of the rate schedule under which service is supplied, shall be made for the fractional part of the billing period at the beginning and end of pumping service in each year in like manner as is provided for in section (a) of this article. If pumping service is supplied in conjunction with service for other purposes and is not metered separately, the billing demand for pumping service shall be considered to be the difference between the highest 30-minute integrated demand measured during the billing period and the contract rate of delivery for firm power.

K. Adjustments for Curtailments to Service.

Unless curtailment of service is due to a request by the customer, billing adjustments will be made if the delivery of electric energy is curtailed because of conditions on the power system of the United States, which system for the purpose of such adjustments hereunder shall include transmission facilities utilized but not owned by the United States, for periods of one (1) hour or longer in duration each. The total number of hours of curtailed service in any billing period shall be determined by adding (1) the sum of the number of hours of interrupted service to (2) the product of: the number of hours of reduced service multiplied by the percentage of said reduction below the lesser of (a) the contract rate of delivery, or (b) the obligation of the United States to deliver firm power and energy as established under the operating agreement entered into pursuant to the Auxiliary Power Service article hereof, or (c) the rate of delivery required by the Contractor at the time of such reduction. The demand or capacity charge, the kilowatthour blocks of the energy charge, and the minimum charge shall each be proportionately adjusted in the ratio that the total number of hours of such curtailed service as herein determined bears to the total number of hours in the billing period involved. The Contractor shall make written claim within thirty (30) days after receiving the monthly bill, for adjustment on account of any curtailment to service, for periods of one (1) hour or longer in duration each, alleged to have occurred and which is not reflected in such bill. Failure to make such written claim, within said thirty (30) day period, shall constitute a waiver thereof. All curtailments to service, which are due to conditions on the power system of the United States, shall be subject to the provisions of this article and the Contractor shall be limited in its remedy to the relief granted by this article; Provided, That withdrawal of power and energy under contract provisions shall not be deemed curtailments to service.

L. Metering.

(a) The total electric power and energy delivered to the Contractor will be measured by metering equipment to be furnished and maintained by the United States. Meters shall be sealed and the seals shall be broken only upon occasions when the meters are to be inspected, tested, or adjusted, and representatives of the Contractor shall be afforded reasonable opportunity to be present upon such occasions. Metering equipment shall be inspected and/or tested at least once each year by the United States and at any reasonable time upon request therefor by either party. Any metering equipment found to be defective or inaccurate shall be repaired and readjusted or replaced. Should any meter fail to register, the electric power and energy delivered during such period of failure to register shall, for billing purposes, be estimated by the contracting officer from the best information available.

(b) If any of the inspections and/or tests provided for herein disclose an error exceeding two per cent. (2%), correction based upon the inaccuracy found shall be made of the records of electric service furnished since the beginning of the monthly billing period immediately preceding the billing period during which the test was made; Provided, That no correction shall be made for a longer period than such inaccuracy may be determined by the contracting officer to have existed. Any correction in billing resulting from such correction in meter records shall be made in the next monthly bill rendered by the United States to the Contractor, and such correction when made shall constitute full adjustment of any claim between the parties hereto arising out of such inaccuracy of metering equipment.

M. Resale of Electric Energy.

The Contractor shall not sell any of the electric energy delivered to it hereunder to any customer of the Contractor for resale by that customer.

N. Power Factor.

While the Contractor normally will be required to maintain the power factor as stated in the rate schedule then in effect under this contract, the Contractor will be permitted to operate at a lower power factor when conditions are such, as determined by the contracting officer, that a lower power factor will be mutually advantageous to the Contractor and to the United States.

O. Cooperation of Contracting Parties.

(a) If, in the maintenance of their respective power systems and/or electrical equipment and the utilization thereof for the purposes of this contract, it becomes necessary by reason of any emergency or extraordinary condition for either party to request the other to furnish personnel, materials, tools, and equipment for the accomplishment thereof, the parties so requested shall cooperate with the requester and render such assistance as the party so requested may determine to be available. The party making such request, upon receipt of properly itemized bills from the other party, shall reimburse the party rendering such assistance for all costs properly and reasonably incurred by it in such performance, including not to exceed fifteen percent (15%) thereof for administrative and general expenses, such costs to be determined on the basis of current charges or rates used in its own operations by the party rendering assistance.

GENERAL POWER CONTRACT PROVISIONS

(b) This contract shall be subject to all the provisions and conditions of the Act of Congress entitled the Work Hours Act of 1962, approved August 13, 1962 (76 Stat. 357), which establishes standards for hours of work and overtime pay of laborers and mechanics employed on work done under contract for, or with the financial aid of, the United States, the same as if that Act had been specifically set forth herein.

P. Provisions Relative to Employment

(1) During the performance of this contract, the Contractor agrees as follows:

- (a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this Equal Opportunity clause.
- (b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- (c) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency Contracting Officer, advising the labor union or workers' representative of the Contractor's commitments under this Equal Opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (d) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (e) The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (f) In the event of the Contractor's noncompliance with the Equal Opportunity clause of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- (g) The Contractor will include the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, That in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

(2) In the performance of any part of the work contemplated by this contract, the Contractor shall not employ any person undergoing sentence of imprisonment at hard labor.

11.2.1.1 Interest in Contract

Any transfer of this contract or of the rights of the Contractor hereunder shall be made only with the written approval of the Secretary of the Interior. Provided, that if the Contractor operates a or more business in the or in part of the Rural Electrification Administration, the Contractor may transfer or assign its interest in the contract to the Rural Electrification Administration or any other department or agency of the Federal Government, at its written approval. But not further. That any successor of the Contractor in the business of the Contractor, whether by will, transfer, purchase, lease, or otherwise, shall be bound by the terms and conditions of this contract to the same extent as the Contractor. That the Contractor shall not be deemed to have assigned its interest in the contract to the Rural Electrification Administration, or to any other department or agency of the Federal Government, unless it has been so determined by the Secretary of the Interior. That the Contractor shall not be deemed to have assigned its interest in the contract to the Rural Electrification Administration, or to any other department or agency of the Federal Government, unless it has been so determined by the Secretary of the Interior.

GENERAL POWER CONTRACT PROVISIONS

R. License to the Contractor.

The United States hereby grants the Contractor a license to construct, install, operate, maintain, replace, or repair, either or all, upon property of the United States under the administrative control and jurisdiction of the Bureau of Reclamation such facilities as in the opinion of the contracting officer are necessary or desirable for the purposes of this contract. Said license shall remain in effect during the term of this contract and shall expire coincidentally therewith. Any facilities so installed by the Contractor pursuant hereto shall be and remain the property of the Contractor, notwithstanding that the same may have been affixed to the premises, and the Contractor shall have a reasonable time after the expiration of said license in which to remove its facilities so installed.

S. License to the United States.

The Contractor, upon request from time to time by the contracting officer, will grant to the United States a license or licenses to construct, install, operate, maintain, replace, or repair, either or all, upon the property of the Contractor such facilities as in the opinion of the Contractor are necessary or desirable for the purposes of this contract. The license or licenses so granted shall be in form and of legal sufficiency acceptable to the contracting officer, shall be and remain in effect during the term of this contract, and shall expire coincidentally therewith. Any facilities so installed by the United States pursuant to said license or licenses shall be and remain the property of the United States notwithstanding that the same may have been affixed to the premises, and the United States shall have a reasonable time after the expiration of said license or licenses in which to remove its facilities so installed.

T. Walvers.

Any waiver at any time by either party hereto of its rights with respect to a default or any other matter arising in connection with this contract shall not be deemed to be a waiver with respect to any subsequent default or matter.

U. NOTICES.

Any notice, demand or request required or authorized by this contract shall be deemed properly given if mailed, postage prepaid, to the contracting officer at the address shown on the signature page hereof, on behalf of the United States, except where otherwise herein specifically provided, and to the officer signing for the Contractor at the address shown on the signature page hereof, on behalf of the Contractor. The designation of the person to be notified or the address of such person may be changed at any time by similar notice.

4. Contingent Upon Appropriations

Where the operations of this contract extend beyond the current fiscal year, the contract is made contingent upon Congress making the necessary appropriation for expenditures hereunder after such current year shall have expired. In case such appropriation as may be necessary to carry out this contract is not made, the Contractor hereby releases the United States from all liability due to the failure of Congress to make such appropriation.

Officials Not to Benefit.

No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise herefrom, but this restriction shall not be construed to extend to this contract if made with a corporation or company for its general benefit.

X. Covenant Against Contingent Fees.

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty the United States shall have the right to annul this contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

Y. Assignment of Industrial Contract by the United States.

When the Contractor hereunder is denominated an industrial customer, the United States may transfer and assign this contract at anytime without the consent of the Contractor to any utility engaged in the business of distributing electric power and energy purchased at wholesale from the United States if such assignee agrees to take over and assume all the rights, duties, and obligations of the United States under this contract. Whenever a transfer or assignment of this contract is made by the United States to a utility pursuant hereto, such transfer or assignment shall be and constitute a novation and thereafter the United States shall be relieved of all liability under said contract and under said assignment and the Contractor shall look solely to the assignee for performance of this contract.

1. Comparison of the two methods of measurement

where the water in the river is generated from waters of the United States over which the contract is made with the express understanding and with the express covenant that all the water shall be subject to the control of the United States and shall be delivered to the United States by the Boulder Canyon Project Act of September 17, 1922, as amended, and the parties hereto shall observe and be subject to and controlled by said Colorado River Compact in its construction, management, and operation of the dams, reservoirs, and improvements now or hereafter existing or to be furnished by the United States to the International Waterways and the Storage, Diversion, Control, and Use of Water for the generation of electric power and for navigation in the United States and the Contracted Countries.

GENERAL POWER CONTRACT PROVISIONS

THE FOLLOWING PROVISIONS ARE APPLICABLE ONLY WHEN THE ELECTRIC SERVICE TO BE FURNISHED ARTICLE PROVIDES THAT SERVICE WILL BE FURNISHED OVER THE FACILITIES OF A THIRD PARTY:

AA. Existence of Transmission Service Contract.

Inasmuch as the electric service hereunder is to be supplied over facilities not owned by the United States, the obligation of the United States to furnish electric service hereunder shall at all times be subject to and contingent upon the existence of a transmission service contract granting the United States the right to use such facilities not owned by it as are necessary to the rendering of electric service hereunder; Provided, That, if the United States acquires or constructs facilities which would enable it to furnish direct service to the Contractor, the United States, at its option, may furnish the electric service hereunder over its own facilities.

BB. Conditions of Transmission Service.

Anything to the contrary in this contract notwithstanding, when the electric service under this contract is furnished by the United States over the facilities of others by virtue of a transmission service arrangement, the electric power and energy will be furnished at the voltage available and under the conditions which exist from time to time on the transmission system over which the service is supplied. The United States will endeavor to inform the Contractor from time to time of any changes contemplated on the system over which the service is supplied but the costs of any changes made necessary in the Contractor's system because of changes or conditions on the system over which the service is supplied shall not be a charge against or a liability of the United States; Provided, That if the Contractor, because of changes or conditions on the system over which service hereunder is supplied, is subjected to the necessity of making changes on its system at its own expense in order to continue receiving service hereunder, then the Contractor may terminate this contract on not less than sixty (60) days' written notice given to the United States at any time prior to the making of said changes on its system, but not thereafter; Provided further, That if the electric service requirements of the Contractor, to the extent that the United States is obligated or determines that it can become obligated to furnish such requirements, are not being met or the United States advises the Contractor cannot be met because of an insufficiency of capacity available to the United States under its transmission service arrangement in the facilities of others over which service hereunder is supplied, then the Contractor may terminate this contract on not less than sixty (60) days' written notice given to the United States at any time prior to the time that the United States advises the Contractor that the needed capacity is available, but not thereafter.

THE FOLLOWING PROVISIONS ARE APPLICABLE ONLY WHEN SERVICE IS RENDERED TO CONTRACTORS UNDER A "SCHEDULE OF RATES FOR WHOLESALE POWER SERVICE TO CUSTOMERS HAVING THEIR OWN GENERATING FACILITIES."

CC. Purchase of System Energy Requirements.

The Contractor agrees that it will, to the extent of the availability of secondary energy contracted for hereunder, purchase its system energy requirements in lieu of operating its own generating equipment except that this provision shall not be construed to prohibit the Contractor's use of by-product power and energy.

DD. Withdrawal of Secondary Energy.

The United States shall have the right, upon not less than 24 hours' advance notice from the contracting officer to the Contractor, to withdraw secondary energy by reducing, in whole or in part, the contract rate of delivery for secondary energy provided for herein for such period or periods of time as the contracting officer deems necessary or advisable. The United States also shall have the right, upon not less than 90 days' advance written notice from the contracting officer to the Contractor, to terminate the obligation of the United States hereunder to deliver secondary energy. The maximum rate of delivery shall be appropriately adjusted to conform to changes under this section in the contract rate of delivery for secondary energy as of the effective dates thereof.

EE. Contractor's Capacity.

The Contractor's capacity as referred to herein is defined to be the sustained load carrying ability of the Contractor's electric generating plants, whether owned or leased, at system load factor, less station use, as limited by transmission and substation facilities. The Contractor's capacity, insofar as practicable, will be initially determined by a test jointly conducted by the parties hereto immediately prior to initial service hereunder. Thereafter, the Contractor's capacity shall be redetermined from time to time upon the request of the contracting officer by additional jointly conducted tests to the extent practicable, but such tests shall not be required more frequently than once in each 12 months unless a permanent changed condition is known to exist. When tests are impracticable, the capacities shall be determined by the contracting officer from the best information available.

FF. Adjustments for Curtailments to Service.

Adjustments for curtailments to service for periods of one (1) hour or longer in duration each because of conditions on the power system of the United States, which system for the purpose of such adjustments hereunder shall include transmission facilities utilized but not owned by the United States, shall be made in the following manner in lieu of the procedure set out in Article 1 hereof:

1. Energy Charge and Monthly Minimum Bill Adjustment

The total number of hours of curtailed service in any billing period shall be determined by adding (1) the sum of the hours of interrupted service to (2) the product of the number of hours of reduced service multiplied by the percentage of said reduction below the lesser of (a) the maximum rate of delivery then in effect, or (b) the obligation of the United States to deliver firm power and energy and of secondary energy as established under the operating agreement entered into pursuant to the Auxiliary Power Service article hereof, or (c) the rate

GENERAL POWER CONTRACT PROVISIONS

of delivery required by the Contractor at the time of such reduction. The kilowatt-hour blocks of the energy charge and the monthly minimum bill shall each be proportionately adjusted in the ratio that the total number of hours of such curtailed service as herein determined bears to the total number of hours in the billing period involved.

(2) Demand or Capacity Charge and Minimum Annual Capacity Charge Adjustment:

The total number of hours of curtailed service in any billing period shall be determined by adding (1) the sum of the number of hours of interrupted service to (2) the product of: the number of hours of reduced service multiplied by the percentage of said reduction below the lesser of (a) the contract rate of delivery for firm power, or (b) the obligation of the United States to deliver firm power and energy as established under the operating agreement entered into pursuant to the Auxiliary Power Service article hereof, or (c) the rate of delivery required by the Contractor at the time of such reduction. The demand or capacity charge and the minimum annual capacity charge shall each be proportionately adjusted in the ratio that the total number of hours of such curtailed service as herein determined bears to the total number of hours in the billing period involved.

The Contractor shall make written claim, within thirty (30) days after receiving the monthly bill, for adjustment on account of any curtailment to service as specified in subsections (1) and (2) of this article for periods of one (1) hour or longer in duration each, alleged to have occurred and which is not reflected in such bill. Failure to make such written claim, within said thirty (30) day period, shall constitute a waiver thereof. All curtailments to service, which are due to conditions on the power system of the United States, shall be subject to the provisions of this article and the Contractor shall be limited in its remedy therefor to the relief granted by this article; Provided, That withdrawal of power and energy under contract provisions shall not be deemed curtailments to service.

SCHEDULE OF RATES

1. This Exhibit No. F, made this 25th day of November, 1985, is a part of Agreement To Purchase Distribution System and Power Supply dated November 25, 1985, hereinafter called the Agreement, shall become effective on the date of initial service under the Agreement and may be modified by mutual agreement without changing the remaining terms of the Agreement.

2. The District shall pay for the electric service furnished hereunder as follows:

(a) For all of the Association's hydro generation to the point of delivery to the District at 50 mils per kwh for all kwh generated. Of the 50 mils, 34 mils will remain constant. The rate for 16 of the 50 will be adjusted annually on each annual anniversary date of this contract. The 16 mil charge for each successive year will be 16 mils adjusted by the average of the prior twelve month fuel adjustment factor approved for use by Utah Power and Light Company by the Public Service Commission. The 50 mil charge is a minimum. That amount will not be reduced by any adjustment to the 16 mil portion thereof.

(b) Supplemental power and energy (Utah Contract) - In accordance with rates, charges and conditions set out in Utah Power & Light Schedule RS-PR (Resale

Service - Partial Requirements), attached hereto and made a part hereof or any effective superseding rate schedule on file with the Federal Energy Regulatory Commission.

(c) The cost to wheel and transform CRSP power and energy to the District from the Equivalent Federal Point of Delivery, such wheeling and transformation rates are indicated in Exhibit No. F, Section No. 3 and Section No. 4.

3. Wheeling

(a) One and one half of a mil (\$0.0015) per kWh for energy including actual losses incurred on the Association transmission system, billed under Section 2a, 2b and 2c of this Exhibit No. F. This charge will be adjusted each three years on the anniversary date of the contract. The base price figure of (\$0.0015) shall be increased or decreased by a percentage equal to the percentage change in the originally released Bureau of Labor Statistics Producer Price Index, not seasonally adjusted, as published in the December issues of Producer Prices Price Indexes for December 1 of each year. The computation will be based upon an average figure for those components of the transmission system which are listed in the Bureau of Labor Statistics Producer

Price Indexes weighted to reflect the book value of the components. If some components are not listed, those which are listed, shall, for the purpose of the computation, be considered to be 100% of the system.

4. Transformation (All power delivered to the District)
 - (a) Thirty cents (\$0.30) per KW of metered demand where the Association furnishes transformation from 46 KV to 7.2/12.5 KV reviewed and adjusted every three years. This charge will be adjusted each three years on the anniversary date of the contract. The base price figure of thirty cents (\$0.30) shall be increased or decreased by a percentage equal to the percentage change in the originally released Bureau of Labor Statistics Producer Price Index, not seasonally adjusted, as published in the December issues of Producer Prices Price Indexes for December 1 of each year. The computation will be based upon an average figure for those components of the transformation system which are listed in the Bureau of Labor Statistics Producer Price Indexes weighted to reflect the book value of the components. If some components are not listed, those which are listed, shall, for the purpose of the computation, be considered to be 100% of the system.

UTAH POWER & LIGHT COMPANY

SCHEDULE RS-PR

RESALE SERVICE - PARTIAL REQUIREMENTS

AVAILABILITY: Resale service under this Schedule is available for use and resale by individual municipality-owned electric utility systems, individual rural electric membership utilities and individual investor-owned electric utilities who have their own electric generation sources and/or who purchase a part of their power requirements from other suppliers when the Purchaser contracts with the Company to purchase Firm Power and Energy to supplement Purchaser's own electric generation and/or purchases from other suppliers. Service to the City of Manti, Utah will be supplied prospectively under this Schedule RS-PR on and after the date of the Commission's Order establishing just and reasonable rates. This resale service is not available to Purchasers who have other sources of supply but who contract with the Company for the purchase of specific amounts of Firm Power and Energy for a minimum period of at least five (5) years. This resale service is not available to Sierra Pacific Power Company and Soda Springs City, Idaho, who will be served under the Company's Resale Service - Total Requirements Schedule RS-TR. Service will be available at any point on the Company's interconnected system where there are facilities of adequate capacity.

This resale service is not available for breakdown or standby service which will be supplied by Company under special contract arrangements.

APPLICABILITY AND CHARACTER OF SERVICE:

This Resale Service Schedule RS-PR is applicable to all wholesale for resale service supplied under the AVAILABILITY provision hereto and delivered by the Company at one Point of Delivery through one metering installation at, or compensated to, the Point of Delivery. This Resale Service Schedule RS-PR is for alternating current, 60 cycles per second (Hertz), three-phase electric service delivered at a voltage of 2,400 volts or greater.

MONTHLY RATE:

Demand Charge: \$18.87 per kW for all kW of Coincident Demand

Energy Charge: 1.7686¢ per kWh for all kWh

Distribution Level Delivery: When resale service under this Schedule is supplied at a delivery voltage of less than 46,000 volts, an additional Demand Charge of \$2.79 per kW for all kW of Measured Demand and an additional Energy Charge of 0.0405¢ per kWh for all kWh will be added to the above charges.

Power Factor: This rate is based on the customer maintaining at all times a power factor of 90% lagging or higher, as determined by measurement. If the power factor is found to be less than 90% lagging, excess KVAR Demand shall be calculated using the equation:

Excess KVAR Demand = KVAR Demand - (0.484) (Metered kW)

KVAR Demand: The KVAR as shown by or computed from the readings of Company's KVAR Demand meter, for any 15-minute Demand period during the month, determined to the nearest KVAR. In applying the above equation, KVAR Demand and metered kW shall be for the same demand interval.

The monthly charge shall be \$0.112 per KVAR of excess KVAR Demand for the maximum excess KVAR Demand established in the current month. For customers served at distribution voltage an additional charge of \$0.033 will be added for each KVAR of excess KVAR Demand.

Fuel Clause: The Energy charge shall be increased or decreased respectively by the applicable fuel adjustment rate per kilowatt-hour delivered, which rate shall be equal to:

$$(a) \quad 0.9732398 \quad \left(\frac{F_m}{S_m} \right) - \left(\frac{F_b}{S_b} \right) \quad \text{(for service supplied at operating voltages of 46 kV and greater)}$$

UTAH POWER & LIGHT COMPANY

Where, "F" is the expense of fossil and nuclear fuel in the base (b) and current (m) periods; and "S" is the kilowatt-hour sales in the base and current periods, all as defined in Section 35.14 of the Regulations under the Federal Power Act as provided in Order No. 517 issued November 13, 1974, in Docket No. R-479 and as amended in Opinion No. 113 issued February 23, 1981, in Docket No. ER79-121 and 0.9732398 is the factor for adjustment of losses to the delivery voltage of 46 kV or higher:

$$\frac{1.046978}{1.075765} = \frac{\text{Transmission Loss Factor}}{\text{System Loss Factor}}$$

Fb = Base energy cost of 13.95812 mills per kilowatt-hour as determined from forecasted fuel costs and kilowatt-hour sales, adjusted for transmission losses, for the period January 1, 1984, to December 31, 1984.

$$(b) \quad 0.9955479 \quad \left(\frac{F_m}{S_m} \right) - \left(\frac{F_b}{S_b} \right) \quad \text{(for service supplied at operating voltages less than 46 kV)}$$

Where "F" is the expense of fossil and nuclear fuel in the base (b) and current (m) periods; and "S" is the kilowatt-hour sales in the base and current periods, all as defined in Section 35.14 of the Regulations under the Federal Power Act as provided in Order No. 517 issued November 13, 1974 in Docket No. R-479 and as amended in Opinion No. 113 issued February 23, 1981 in Docket No. ER 79-121 and 0.9955478 is the factor for adjustment of losses to the delivery voltage of less than 46 kV:

$$\frac{1.070976}{1.075765} = \frac{\text{Transmission and Distribution Loss Factor}}{\text{System Loss Factor}}$$

Fb = Base energy cost of 14.20149 mills per kilowatt-hour as determined from forecasted fuel costs and kilowatt-hour sales, adjusted for transmission and distribution losses, for the period January 1, 1984, to December 31, 1984.

Fuel costs (F) shall be the cost of:

- (a) Fossil and nuclear fuel consumed in the Company's own plants, and the Company's share of fossil and nuclear fuel consumed in jointly owned or leased plants.
- (b) The actual identifiable fossil and nuclear fuel costs associated with energy purchased by the Company for reasons other than identified in (c) below.
- (c) The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis. Included therein shall be such costs as the charges for economy energy purchases and the charges as a result of scheduled outage, all such kinds of energy being purchased by the buyer to substitute for its own higher cost energy; and less
- (d) The cost of fossil and nuclear fuel recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.

Sales (S) shall be all kWh's sold, excluding inter-system sales. Where for any reason, billed system sales cannot be coordinated with fuel costs for the billing period, sales shall be equated to the sum of generation, purchases, interchange-in, less energy associated with pumped storage operations, less inter-system sales referred to in (d) above, less total system losses.

Minimum Bill: The monthly Minimum Bill for resale service supplied at delivery voltages of 48,000 volts or greater under this Resale Electric Service Schedule RS-RP shall be \$4.72 per Kw for all Kw of Measured Demand plus the applicable Energy Charges; provided, however, that, when the Company schedules in Customer's behalf power and energy designated by non-Company suppliers for delivery by Company to Customer, the monthly Minimum Bill shall be the greater of: (1) \$4.72 per Kw for all Kw of Measured Demand plus applicable Energy Charges; or (2) \$12.57 per Kw for all Kw of Average Demand plus the applicable Energy Charges. When resale service hereunder is supplied at delivery voltages of less than 48,000 volts, the monthly Minimum Bill shall be as determined above plus \$2.79 per Kw for all Kw of Measured Demand.

DEFINITIONS: As used in this Resale Service Schedule RS-PR, the following terms shall have the meanings shown:

- (a) **Firm Power and Energy.** Electric power expressed in kilowatts and associated energy expressed in kilowatt-hours intended to have assured availability to the Customer to meet all or any agreed upon portion of Customer's load requirements.

Firm Energy supplied by Company to Customer during any Billing Period shall be the amount of energy, if any, in kilowatt-hours, by which the total energy from all resources, less Excess Energy, if any, at the Point of Delivery exceeds the energy from Customer's other scheduled power supply resources during each hour of the Billing Period, provided, however, that for so long as Company schedules in Customer's behalf power and energy designated non-Company suppliers for supply to Customer, Firm Energy supplied by Company shall be the amount by which total energy from all resources, less Excess Energy, if any, at the Point of Delivery exceeds the total energy (1) which non-Company suppliers commit for supply to Customer on a firm basis as said firm commitments are designated in advance by all non-Company suppliers for supply to Customer, and (2) Non-Firm Energy supplied in fact by all non-Company suppliers.

- (b) **Non-Firm Power and Energy.** Electric power expressed in kilowatts and associated energy expressed in kilowatt-hours which has no assured availability to meet any portion of Customer's load requirements.
- (c) **Demand.** The rate in kilowatts at which electric energy is delivered by the Company to Customer at a given instant or averaged over any designated period of time.
- (d) **Average Demand.** The total Energy from all resources in any Billing Period at Point of Delivery less Firm Energy at the Point of Delivery from all sources other than Company, expressed in kilowatts.
- (e) **Measured Demand.** The Demand in kilowatts supplied by Company as shown by or computed from the readings of the Company's Power (Demand) meter for the 15-minute period of Customer's greatest use during the Billing Period. In this Resale Electric Service Schedule RS-PR, Measured Demand imposed on Company by Customer in any Billing Period shall be the maximum amount of power, in kilowatts, by which the actual fifteen (15) minute total Firm Power Demand supplied at the Point of Delivery exceeds the Demand supplied by schedule from Customer's other Firm Power supply resources over the same fifteen (15) minute interval; provided, however, that for so long as Company schedules in Customer's behalf power and energy designated by non-Company suppliers for supply to Customer, Measured Demand shall be the greater of (1) the difference between Customer's maximum fifteen (15) minute Firm Power Demand and Customer's maximum Firm Power committed for supply by all non-Company suppliers or (2) Average Demand.
- (f) **Coincident Demand.** The Demand in kilowatts supplied by Company as shown by or computed from the readings of the Company's Power (Demand) meter for the 60-minute period of Customer's use at the time of Company's 60-minute Firm Load Peak in any Billing Period. In this Resale Electric Service Schedule RS-PR, Coincident Demand imposed on Company by Customer in any Billing

Period shall be the amount of power, in kilowatts, by which the actual sixty (60) minute total Firm Power Demand supplied at the Point of Delivery at the time of the Company's 60-minute Firm Load Peak exceeds the Demand supplied by schedule from Customer's other Firm Power supply resources over the same sixty (60) minute interval; provided, however, that for so long as Company schedules in Customer's behalf power and energy designated by non-Company suppliers for supply to Customer, Coincident Demand shall be the difference between Customer's total sixty (60) minute Firm Power Demand at the time of Company's 60-minute Firm Load Peak and Customer's maximum Firm Power committed for supply by all non-Company suppliers.

- (g) Billing Demand. The Billing Demand shall be either the Measured Demand or the Coincident Demand as specified in this Resale Electric Service Schedule RS-PR.
- (h) Contract Demand. The specified Demand in kilowatts that the Customer contracts with the Company to supply and which the Company agrees to have available for delivery to the Customer. The Customer shall have the right to receive such amounts of Firm Power as Customer may require to meet Customer's supplemental load requirements up to but not in excess of the applicable Contract Demand.
- (i) Company's Firm Load Peak. The maximum 60-minute load in any Billing Period imposed upon the Company by its Customers purchasing Firm Power and Energy.
- (j) Billing Period. The period of approximately thirty (30) days intervening between regular successive meter reading dates.
- (k) Point of Delivery. The Point of Delivery for service supplied under this Resale Electric Service Schedule RS-PR shall be the point where Company's facilities connect with Customer's facilities.
- (l) Prudent Electrical Practices. Those practices, methods and equipment, as changed from time to time, that are commonly used in prudent electrical engineering and operations to operate electric equipment lawfully and with safety, dependability, efficiency and economy; and that are in accordance with the National Electrical Safety Code or the National Electric Code or any other applicable government code in effect at the time this Resale Service Schedule RS-PR is in effect.

CONTRACT PERIOD: One year or longer.

GENERAL TERMS AND CONDITIONS: Service under this Schedule will be in accordance with the terms of the Resale Electric Service Agreement between the Purchaser and the Company. The Electric Service Regulations of the Company on file with and accepted for filing by the Federal Energy Regulatory Commission, including future applicable amendments, will be considered as forming a part of and incorporated in said Agreement.

With the sole exception of the City of Mantl, Utah, which is served under a fixed-rate contract (Section 206 of the Federal Power Act), nothing contained herein shall be construed as affecting in any way the right of the Utah Power & Light Company to unilaterally make application to the Federal Energy Regulatory Commission for a change in rates, charges, classification or service, or any rule, regulation, or service agreement related thereto, under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

Issued by:
J. C. Taylor
President and Chief Executive Officer

ISSUED ON:

EFFECTIVE: June 13, 1985

Exhibit 4

AGREEMENT FOR THE PURCHASE AND SALE OF POWER

AGREEMENT made effective the 1st day of August, 2016, by and between STRAWBERRY WATER USERS ASSOCIATION, a Utah non-profit corporation (Association) and SOUTH UTAH VALLEY ELECTRIC SERVICE DISTRICT, a Utah local district (District).

PURPOSES

The Association operates and maintains certain features of the Strawberry Valley Project (SVP), including the Upper Power Plant, the Lower Power Plant and the Payson Power Plant. Pursuant to an agreement dated April 7, 1986, the Association has sold power generated at those power plants to the District. The District purchases power to supply electricity to common residential, industrial and agricultural customers in South Utah Valley. That 1986 agreement will expire, and will be replaced by this Agreement.

TERMS

The parties hereby agree as follows:

1. Sale of Power. During the term of this Agreement, as may be extended as described below, and so long as the Association continues to operate and maintain the Upper Power Plant, the Lower Power Plant and the Payson Power Plant, or any of these plants, and so long as the District continues to operate and maintain the distribution system, the Association agrees to make available and sell to the District, and the District agrees to take and pay the Association for, the entire output of such power plants. The Association agrees to deliver and meter the Spanish Fork Generation at 46 kV at the Strawberry Substation, and deliver and meter the Payson generation at 4.16 kV at the plant in Payson Canyon.
2. Power Purchase Price. The Agreement is for ten (10) years with an option of an additional five (5) years. For the first five (5) years of the term of this Agreement, the District shall pay to the Association the sum of \$0.05 per kilowatt hour measured at the respective meters (\$0.05/kWh) more commonly referred to as "50 mills." For the second five (5) years of the term of this Agreement, the District shall pay to the Association the sum of \$0.051/kWh measured at the respective meters; or "51 mills." If this Agreement is extended as described below, then for the extended term of five (5) years, the District shall pay to the Association the sum of \$0.052/kWh measured at the respective meters, or "52 mills."
3. Other Costs. Any SUVPS costs billed to SWUA associated with Operation, Maintenance and Replacement (OM&R) of the 46 kV transmission system will be billed to SESD by SWUA. SESD will pay its portion of the insurance costs to insure the 46 kV

transmission system. SEDS's portion will be based on the SUVPS methodology of cost distribution.

4. Operations. The Association will notify the District at least 48 hours in advance of planned shutdowns and will notify the District as quickly as possible of unplanned shutdowns.

5. No Warranties or Representations. The Association makes no representations or warranties as to the output of any of the power plants.

6. Green Power. Any designation of green power or green power credits will remain with the Association.

7. Term. This Agreement shall remain in effect for a period of ten (10) years from the date first written above. Either party may extend this Agreement for an additional five (5) year period by giving the Association written notice of such election to extend at least One Hundred and Eighty (180) days prior to the expiration of the ten (10) year term, and obtaining the consent of the other party to such extension. The parties are not obligated to provide such consent to extension.

8. Invoices. The Association shall provide invoices to the District on a monthly basis. The District shall pay to the Association the invoiced amounts in full within thirty (30) days of receiving the invoice. Amounts due and owing to the Association after such thirty (30) days shall earn interest at 10% per annum, compounded annually. If the District disputes any portion of the invoiced amount, the District shall pay the undisputed portion timely, and present a detailed written description of the nature and basis of the dispute within thirty (30) days of receiving the invoice.

9. Reclamation Approval. This Agreement requires the approval of terms and conditions and rates by the United States Department of the Interior, Bureau of Reclamation. The Parties shall cooperate as reasonable and necessary to obtain such approval. Pending approval, the rates described above and the terms of payment shall apply.

10. General.

(a) Modification of Agreement. This Agreement can only be modified in writing, signed by all parties.

(b) Binding. This Agreement is for the benefit of and is binding upon the parties hereto, their successors and assigns

(c) Notices. Any notice, request, instruction, report or other document to be given to the parties shall be in writing and delivered personally or sent by certified mail, postage prepaid, or may be sent by FAX. Notices shall be presumed delivered on the date of receipt by

FAX, if received before 5:00 p.m. on any business day, or on the third day after mailing, if sent by certified mail.

(d) Force Majeure. Neither Party shall be liable for any default or delay in the performance of its obligations hereunder if and to the extent such default or delay is caused by fire, drought, flood, earthquake, elements of nature, acts of God, acts of war, terrorism, riots, civil disorders, or similar events.

(e) Remedies. If either party claims there has been a default by the other party, the other party shall be given a detailed written notice of the claimed default and thirty (30) days to cure the claimed default before an action may be filed. Under no circumstances shall either party be liable for consequential damages. In any action to enforce or interpret this Agreement, the prevailing party shall be entitled to an award of costs and expenses, including reasonable attorneys' and expert fees, incurred by the prevailing party in such action.

(f) Entire Agreement. This Agreement contains the entire agreement of the parties and supersedes all prior agreements, negotiations, and understandings regarding the purchase and sale of power and wheeling power between the parties.

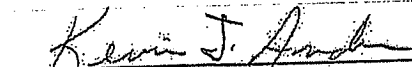
DATED the day and date first written above.

Association:

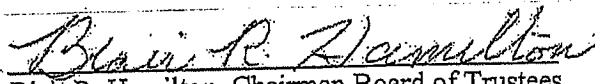
STRAWBERRY WATER USERS
ASSOCIATION

District:

SOUTH UTAH VALLEY ELECTRIC
SERVICE DISTRICT

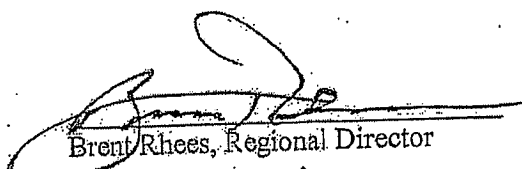

Kevin J. Anderson, Vice President

Date: July 28, 2016


Blair R. Hamilton, Chairman Board of Trustees


Date: July 28 2016

APPROVED:
United States Bureau of Reclamation:


Brent Rhee, Regional Director

Date: 9/15/16

APPROVED


Regional Solicitor's Office